SOCIETY FOR ADVANCEMENT OF MANAGEMENT

Advanced Management

COMBINED WITH MODERN MANAGEMENT

UNI OF MICHIGA
NOV 1952
ENGINEERING LIBRARY

REPRINT ISSUE

These articles of lasting interest reprinted here have appeared in ADVANCED MANAGEMENT in the past. They are being reproduced for the benefit of the thousands of new members in S.A.M.

IN THIS ISSUE

- **Scientific Management**
- **A Challenge To Our Society**
- **Development of Leaders**
- **Standardization**
- **Responsibilities of Management**

VOL. XVII NO. 10

OCTOBER 1952

Volume XVII Number 10

October, 1952

Editor-in-Chief — C. A. SLOCUM

Editor — EDWARD SCHULZ

Editorial Assistants:
MARY E. CAWTHON
ADELE ROCKER

Advanced Management

PUBLICATIONS COMMITTEE

DON F. COPELL, *Vice President, Engineering and Personnel Training, Wagner Baking Corporation, Newark, N. J.*

FRANK FEHLMAN, *110 E. 42nd Street, New York, N. Y.*

L. C. MARROW, *Consulting Editor, Factory Management and Maintenance, New York, N. Y.*

AL N. SEARES, *Vice President, Remington Rand, Inc., New York, N. Y.*

ORDWAY TEAD, *Editor of Social and Economic Books, Harper & Brothers, New York, N. Y.*

Consultant to the Committee — ROBERT I. MILLER, *Assistant Secretary, The Curtis Publishing Company, Philadelphia, Pa.*

NATIONAL OFFICERS: 1952-53

President — EDWARD W. JOCHIM, *General Manager, Chicago Plant and Member of the Board of Directors, Personal Products Corporation, Chicago, Ill.*

Executive Vice President — BRUCE PAYNE, *President of Bruce Payne & Associates, Inc., Westport, Conn.*

Secretary — J. O. P. HUMMEL, *Consultant, Productivity and Technical Assistance Division, Mutual Security Agency, Washington, D. C.*

Treasurer — HAROLD ENGSTROM, *Manager, Industrial Engineering Division, Sylvania Electric Products, New York.*

Director-at-Large — LEON J. DUNN, *Assistant to the Executive Vice President, Veeder-Root, Inc., Hartford, Conn.*

Executive Director — C. A. SLOCUM

Vice President, Management Research and Development — HAROLD F. SMIDDY, *Vice President, Management Consultant Services Division, General Electric Company, New York.*

Vice President, Student Chapter Operations and Development — RALPH L. JACOBS. *Management Consultant, Cincinnati, Ohio.*

Vice President, Chapter Operations — JAMES E. NEWSOME, *Superintendent, Johnson & Johnson, Chicago, Ill.*

Vice President, Membership—DON F. COPELL, *Vice President, Engineering and Personnel Training, Wagner Baking Corporation, Newark, N. J.*

Vice President, North Central Region — CHARLES E. DURHAM, *Administrative Engineer, McDonnell Aircraft Corporation, St. Louis, Mo.*

Vice President, Southeastern Region—RHETT BALL, *Vice President, Bruce Payne & Associates, Inc., Atlanta, Ga.*

CONTENTS

Let's Light Candles 1
by Edward W. Jochim, President, SAM, 1952-1953

The Development and Influence of Scientific Management 2
by H. S. Person

Today's Challenge To Our Society 3
by J. K. Louden

Developing Leaders Through The Conference Method 6
by Henry C. Metcalf

NMC International News 14

Standardization—The Automatic Pilot of Management 15
by John Gaillard

Management's Professional Responsibilities 20
by Arthur G. Coons

October Chapter Meetings 24

November Chapter Meetings 27

DISCLAIMER: **Every effort is made to verify the information published in ADVANCED MANAGEMENT. The opinions of the authors, however, are not necessarily the opinions of the Society and this periodical accepts no responsibility in connection with any liability which might develop as a result of articles published. All unsolicited articles, manuscripts, letters, and pictures sent to ADVANCED MANAGEMENT are sent at the owner's risk, and ADVANCED MANAGEMENT expressly repudiates any liability or responsibility for their safe custody or return.**

ADVANCED MANAGEMENT, published monthly by Society for Advancement of Management, 411 Fifth Avenue, New York 16, N. Y., is merged with MODERN MANAGEMENT, and is successor to The Society for the Advancement of Management Journal, the Bulletin of the Taylor Society and of The Society of Industrial Engineers. Re-entered as second-class matter, December 23, 1949, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Copyright, 1952, Society for Advancement of Management. Subscription rate: $8.00 per year. Single copies: 75 cents (members); $1.00 (non-members). An index to ADVANCED MANAGEMENT is published annually, and the contents are also indexed in *Industrial Arts Index* which is available at Public Libraries. Notification of address changes must be given four weeks in advance.

LET'S LIGHT CANDLES

By EDWARD W. JOCHIM
President, SAM, 1952-1953

HEARTENING! Yes, even though the increasing tempo of exposes in public and private life by newspapers, radio, television, and from speakers' platforms, may have diverse and even conflicting reasons, it is heartening. It unmistakably shows an awakened recognition of intolerable conditions and the imperativeness of corrective action. The Christophers, above all others, have really crystallized the problem in their key statement, "It is better to light one candle than to curse the darkness."

Our government has a profound effect on the lives of each and every one of us. We, individually, have, therefore, a very personal stake in the kind of government we have. The federal portion of our government alone is the largest, richest, most influential and most complex organization in the world. Capable managers of very much smaller organizations could not operate at all, let alone efficiently and effectively, with the morale problems that lead to a high rate of separation, turnover and other problems, which our public administrators must handle. Citizens employed in our governmental organizations have the same wants, needs and desires as citizens employed in any other organization. They want to feel that the work they do is meaningful, that they are respected by their fellow citizens, that they are secure from arbitrary and capricious actions, that good work will be recognized by advancement and that they are being equitably compensated for their work.

Not long ago employees, particularly of our federal organization, had all of that. They were honored and respected citizens of the community. The intensity and duration of the exposes have tended to apply the "birds of a feather flock together" label to all governmental employees. Even though we know instinctively, as well as factually, that the correctly exposed are the exception rather than the rule, both consciously and unconsciously we tend to think, talk about and act toward them as though they had all rightfully been exposed, perhaps not for corruption but at least for incompetence. This type of conscious and unconscious thinking, more than any other single factor, has given our public administrators their terrific morale problem and all that goes with it.

Only by correcting this conscious and unconscious thinking and action and giving to governmental employees their legitimate wants, needs and desires can we bring this morale problem, our problem, within controllable limits. To do this we must concentrate, as we do in our own business, on placing good, competent citizens in positions of trust and responsibility and keeping them there, rather than on the merely negative action of throwing the bad ones out. The vacuum left by an evicted bad one could be, and too often is, replaced by an even worse one unless we have taken the necessary positive action to replace him with a good, competent citizen.

In all honesty and humility, we could well activate the thinking expressed in one of the recent American Economic Foundation monthly editorials:

"Better people make better families,
Better families make better neighborhoods,
Better neighborhoods make better towns,
Better towns make better counties,
Better counties make better states,
Better states make better nations."

The Development and Influence of Scientific Management*

By H. S. PERSON

In this classic statement the author sets forth fundamental concepts underlying scientific management.

LIKE THE PRACTICE of medicine, management is an art. The characteristics of the physician or manager constitute as important a factor as the availability of a body of guiding principles and of a recognized technique. Excellence in the practice of medicine is a composite result of the instinct and desire of the physician to be excellent, his ability to understand a large body of organized knowledge guiding diagnosis and treatment, and his skill in applying the pertinent treatment. A thousand students of medicine who have had precisely the same education and training will as physicians show widely divergent capacities in the practice of medicine. Scientific management has given to management generally a body of organized knowledge and a recognized technique to guide in the handling of concrete management situations; yet a thousand managers who have read its literature and visited numerous enterprises where it is exemplified will in their actual managements show a thousand different degrees of competence and a thousand different degrees and kinds of scientific management.

Consequently the nature of the development and influence of scientific management cannot be discovered and measured by the method of counting cases that at particular times fall into homogeneous groups. They do not fall into definite groups. One's judgment of its development and influence must depend rather on the cumulative effect of constant observation through many years of numerous and varied manifestations of scientific management; and the factors that enter into the formation of a judgment that are more qualitative than quantitative.

Prior to Taylor, management generally was an art based on intuitive judgments and guess. To be sure, in a few spots there were managements, compelled by the force of circumstances, that we now recognize as pre-historic exemplifications of scientific management: Von Moltke's development of the planning and preparation technique of the staff function in military management; Peary's precise planning and preparation of his expeditions in search of the North Pole; in business, the planning, preparation and standardized energy and time-saving management of a circus. But no system of generalized principles arose out of these isolated experiences in management. Management generally continued to be characterized by dependence on intuitive judgment.

Taylor brought science to the aid of the art of management. As de Freminville put it, he brought the inductive method to apply on the conduct of the homely affairs of the shop. Out of this beginning has developed on a large scale, in many countries, and in respect of many phases of human affairs, an art of managing that consists of resourceful utilization of every possible contribution of the sciences—those pertaining to human nature as well as those pertaining to the physical world —in the solution of the ceaseless flow of problems that arise in management situations; in manipulating the factors that, skillfully proportioned and combined, will bring about a preconceived result with a minimum expenditure of the energies involved, and within a predetermined time.

In the experience of Taylor himself, the first years of the development of scientific management—back in the eighties—constituted a period when, so far as his consciousness was concerned, the art rather than the science aspect of management was dominant. The process of its development was to him simply a process of solving, as gang-boss, foreman, assistant engineer and chief engineer at the Midvale steel plant, a succession of daily concrete management problems.

The manifestation of his genius was this: whereas other engineer-managers —all engineers in that day were managers—left their engineering technique behind when they turned from distinctly engineering problems to management problems, Taylor instinctively and perhaps unconsciously carried his engineering technique along with him when he made the shift. But apparently for a number of years he did not think much about the significance of his method. He was intent on productivity and economy coupled with—few students yet understand this—the good-will of labor, the quest for which started him on his course. It was listening to the discussions of management at meetings of the recently organized American Society of Mechanical Engineers— at that time almost exclusively discussions of wage systems—that stimulated Taylor to ponder over the contrast between how he was managing and how other engineer-managers were managing, and over the significance of his way of managing. The eventual fruits of this pondering were *A Piece Rate System, Shop Management, On the Art of Cutting Metals*, and at the time of the Eastern Rate Case Hearings in 1910-11, a simplification of *Shop Management* under the title *The Principles of Scientific Management.*[1]

*Reprinted from ADVANCED MANAGEMENT, Volume V, No. 4, October, 1940.

[1] The term Scientific Management was not devised by Taylor; it was devised by a committee of engineers at the request of Louis D. Brandeis, principal attorney for the shippers at the Eastern Rate Case Hearings, for use in the course of the hearings.

The cumulative effect of these expositions was a world-wide interest in the Taylor principles and techniques of management. The immediate translation of the *Principles* into more than a dozen languages is evidence of universal recognition that here was something new and significant. Subsequent claims of Germans that their *rationalizierung* is a parallel and independent development are cancelled by the fact that German engineers and managers were at the time of the translations as excited about the Taylor methods as were the engineers and managers of other countries. From that moment on, scientific management constituted a new and powerful sector to modern technology, exerted a profound influence on management in all advanced industrial countries, and gave to the management movement in the United States and elsewhere a comprehensive and integrated body of doctrine, principles and technique.

Scientific management has never been a thing that could be procured and installed in a particular place at a particular time, as can an engine or a loom. It is not a system that is definite and transferable in all its elements. It is rather a system of approaching and solving management problems out of which may develop in each particular management situation a system of actual management suitable for that particular situation and for no other. Of course certain mechanisms and detailed ways of doing things are transferable and are duplicated in many situations, as are lead pencils and adding machines, but too great attention to these minutae is evidence that one fails to comprehend the significance of the principles and the technique as a whole.

SOME FUNDAMENTAL PRACTICES

Determination of the presence of scientific management in an enterprise calls for observation and analysis of qualitative factors. It is present in an enterprise, or in a department of an enterprise, or in a unit of a department, when the following qualities are found in combination and in substantial degree of development:

The practice of attacking the solution of all problems as they arise by application of every available pertinent scientific method of fact finding; and as thoroughly as the time factor permits;

The practice of maintaining a classified record of discovered facts, of deriving from them standard objectives, methods and devices, and of routinizing recurrent activities into standard combinations of standard methods and devices, thereby leaving only the non-repetitive variables for current studied attention;

The practice, where people in a group are working under the principle of division of labor, of co-ordinating activities by providing each person an adequate understanding of what, when, how and how much in respect of each of his efforts;

The practice, where people are working in groups, of maintaining a regime of co-operative relationships, recognized as dependent on good-will as well as on understanding.

These are qualities of management of which the development should be sought in every management situation—wherever a group of people is working in co-operation to achieve a desired result. We are accustomed to identify it with management in business enterprise, but it is as applicable and desirable in any field of effort; in non-profit as well as profit and in public as well as private enterprises; in fraternal and recreational as well as livelihood activities. The principles and the technique of approach are universal, and in the quarter-century since Taylor's death—even in the half century since he first explained the principles—human ingenuity has discovered no system of management that is superior or equivalent. The contributions have been improvement of and additions to some detailed mechanisms.

Scientific management has had a profound influence on the management of enterprise in all advanced industrial countries. More in some than in others because, as we have said, management is an art and an art is powerfully conditioned in its development by racial, social, political, institutional and personal factors. In the United States, while quantitatively it has influenced only a small fraction of the industrial enterprises enumerated as such in the Census, it is found in varying degree in practically all the larger enterprises that account for the major part of total productivity. The influence has been essentially the same in Germany, and on a per capita reckoning, in Sweden. Japan would perhaps rank next. In most other countries of Western Europe are found outstanding individual examples, although generally industrial managements in these countries have not been notably influenced. In Russia, while the State as the ultimate control of all enterprise has been influenced by scientific management principles and technique, notably in respect of national planning, there is little evidence that the managements of individual constituent enterprises have been substantially influenced.

STABILIZATION

Nearly ten years ago, in a paper presented in Amsterdam at an international conference of IRA,[2] I advanced the thesis that scientific management has in it a vital element that compels extension of the area of its influence after a nucleus has been established at any point. This is because its primary technical objective is stabilization—dynamic stabilization by reduction of the variable factors of a managerial situation. It had its beginning in a machine shop. But the management of a shop cannot be stabilized if relationships with its environment are unstable. One of the first things Taylor did back in the eighties, in his efforts to stabilize the operations in a machine shop, was to send instructions to the foundry in respect of tolerances in the deviation of castings from specification size. Scientific management in one shop compels scientific management in all related shops, and thus develops scientific management of the entire production department. In course of time it is discovered that scientific management of the production department cannot be highly developed if the conduct of the sales department is one that injects numerous variables into the production schedule. Consequently scientific management is compelled to reach out and include marketing within its area of influence. Also it is discovered that scientific management of production is limited if labor relations are too unstable, so scientific management has to include personnel management—the management of labor re-

---

[2] See *Bulletin of the Taylor Society*, Volume XVII, No. 6, December, 1932.

lations—within the range of its influence. Taylor set up the first functionalized personnel management. And inasmuch as any one of a group of co-ordinate functions or departments cannot effectively control and stabilize the others, it is eventually discovered that it is necessary for scientific management to reach up from the operating departments to the level of general administration and organize the latter as the co-ordinating and controlling agency of the entire enterprise.

This compelled expansion of scientific management stabilization and control does not stop with the individual unit of enterprise. In a horizontal or vertical integration of related units under a common ownership and direction, scientific management cannot be highly developed in any one of them unless all are brought within the system. There are evidences that this principle applies even when related individual enterprises are not under common ownership and direction; the development of hand-to-mouth buying has so influenced the relations between retailer and manufacturer that they in many instances have had to work out in advance schedules of orders and the flow of goods from one to the other. Given a nucleus of scientific management anywhere, in the course of time its influence will reach far out into what was to the nucleus originally only environment.

In expression of this principle of ever reaching out to include more of its environment within its system, scientific management appears to have encountered insuperable obstacles in promoting scientific management of entire industries. Attempts at stabilization of entire industries have been made along the line of agreements among enterprisers as to certain competitive objectives, and not along the line of revisions and co-ordinations of the managements and the relations of the enterprisers party to the agreements. Whereas scientific management tends to reduce costs and pass the benefits along to consumers, and in that way to integrate technology into the social system and preserve the dynamic characteristics of an economy, the method of stabilization through agreements tends to retard integration of technology into the social system and to debilitate an economy.

I take it that scientific management has encountered this obstacle because its development must be guided by a single directing mind or by an equivalent in an institutional mind. The individual enterprise has this; the establishments in a multi-plant enterprise have it; a distributing enterprise and a manufacturing enterprise may be so closely bound in interests as to have, as it were, a partnership-type of institutional mind; but among the numerous enterprises of an entire industry the spirit of particularism is so strong that a genuine spirit of co-operation in pursuit of the major objective for which they exist cannot find a place.

But on a still larger stage — the co-ordinated management of the entire commerce and industry of a nation—scientific management has already manifested a notable influence. The planning involved in the concept of national planning is the technical planning of scientific management, including the body of related technique, and is not the planning connated by the earlier generic use of the word. Totalitarian countries express in the management of their economies a development of scientific management on a large scale.

DEMOCRACY

Lest the reader become alarmed, let us note parenthetically at this point two aspects of scientific management. First, let us recall what has been said about management as an art and what part national and personal characteristics play in it; especially that the spirit and interest behind the technique determine the objective of its utilization. Second, let us realize that scientific management is a way of doing things—of achieving objectives—and as a way of doing things is amoral. It can be employed by the racketeer as well as by the business man. In fact, I have read about some startling scientific management technique in moderate degree in popular magazine stories of the organization and methods of great racketeers, such as Al Capone. The sooner we understand that it gives power to evil, the sooner we will have more regard for it in the struggle against evil.

Thus, we do find a resource to scientific management methods in the practices of totalitarian states in the regulation of their economies. There are perhaps two reasons why, after failure in its reach of influence on an entire industry, it should succeed on the larger scale in respect of the total industry and commerce of a nation. The first reason is that of compulsion; the same reason that led to scientific management in the isolated cases of Admiral Peary and the circus in pre-scientific management days; the job couldn't be done otherwise, and they wanted the job done. The leaders in the totalitarian states are as serious and energetic as was Admiral Peary. The second reason is that the state can have a single directing mind, personal or institutional—more likely the latter—whereas an industry appears not to be able to develop such a directing mind.

At any rate, scientific management has had a profound influence on the organization and management of totalitarian nations. It has given them power. It has made the problem of destroying totalitarianism more complicated and more difficult for the democracies. The problem is more complicated and difficult for the democracies because they can acquire the strength to destroy totalitarianism only by adopting scientific management on a national scale, and they must develop a scientific management that is consistent with democracy and a guardian of it; whereas the totalitarian nations have pursued the easier course of sacrificing democracy.

In the long run, although harder to develop, I believe that the scientific management that is consistent with democracy will be more enduring than that acquired more easily at the sacrifice of democracy. It will be founded more firmly on the fundamental aspirations of a people. Experience has indicated that scientific management in an individual plant that has been developed along lines of democracy is more enduring than scientific management that has been autocratic in its development.

However, the significant and urgent fact is that the totalitarian states are strong because of the degree of scientific management of national affairs they have developed; and notwithstanding its possible lack of endurance because of the nature of its foundation, it may remain strong enough for a sufficient period to effect the objective of destruction of the democracies. Honest citizens without organization and direction, and

employing the measures of casualism, cannot combat effectively a gang of thieves that is well organized and directed by a master mind, and that utilizes the most effective methods and devices developed by investigation and experiment.

When Taylor, back in the early eighties, introduced inductive science into the homely affairs of the shop, he created a great new force in the world. It has revolutionized the management and the productivity of private enterprise, and thereby helped to raise the standard of living of peoples. But just as the tractor, so beneficent in agriculture, has proved to be a destructive force where adapted to the purposes of war, so also scientific management, so beneficent in the pursuits of peace that improved conditions of living throughout the world, has been adapted to purposes of destruction of democracy. It is a challenge to democracies to utilize the same powerful force for destruction of the evils of totalitarianism, and thereafter for still greater achievements in improving conditions of livelihood among peace-loving democratic peoples.

Today's Challenge to Our Society*

By J. K. LOUDEN

MANAGEMENT TODAY is facing problems of organization, administration, production, and human relations without parallel in history. Concepts, theories, and practices of yesterday as a whole must be improved to meet and overcome these problems with the speed and effectiveness which the situation demands.

For this reason, managers and those interested in management are searching for ways to advance the science of management to a higher degree of perfection and to raise the general level of management practices in this country. In their search, they naturally turn to those individuals who are faced with like problems to discuss matters of common interest, to exchange ideas, and to foster joint studies for possible solutions and improved techniques. They turn to writings on management problems, to discussions of techniques and principles of management, to the guiding philosophies upon which the science of management is based. They seek to meet and talk with men from various parts of the nation—men who they might ordinarily never see, but who are making outstanding contributions to management —to learn, to give, and to receive new ideas, and to exchange information to their mutual benefit.

It was to meet these needs and provide these means that the Society for the Advancement of Management was formed. Its fundamental purposes, its basic organization were designed to meet these recognized needs. Our strategically located chapters, our co-ordinated national organization, our divisional structure are such that we and we alone—in an organized sense—are in a position to provide the focal point and spearhead of leadership so earnestly sought by management today.

We, too, however, must gear our activities to the times. The opportunity, the challenge, and the imperative demand from the sheer necessity of our national problem, make it vital that our Society rise to the occasion and provide that leadership and guidance to management that management must have. To accomplish this, our national organization, through its officers, must develop a sound, dynamic, over-all program that will advance the science of management on a national scale and provide the basis and co-ordinated leadership for similar programs in each chapter, through the chapter officers.

The national program must reflect the situations with which its members have to deal. It must be designed to include the broader implications of these problems as well as their solutions and effects on management principles and philosophies and on the public as a whole.

Each division must take its phase of the problem and break it down into a co-ordinated program of action, research, discussion, study and solution.

Each chapter must analyze the needs of its members and the particular problems facing management in its locality so that it may develop its program to meet those needs. At the same time, it must tie in through the various divisions with the national program, and thus make its contribution to the overall objective.

All programs must be kept in balance as to their nature and scope. They must meet the total needs and interests of our membership. They must provide intelligent, well-rounded discussions of the tools of management and their uses and of the techniques of management found in special fields and applications.

We must also give careful consideration to the over-all management subjects, the new theories, and the new practices. We must improve the usage of previous management techniques and practices, and at the same time intensify our research, our studies, and our efforts to develop new techniques, principles, and philosophies that will enable us to advance the science of management in a progressive manner.

To accomplish these ends, the cooperation of every unit and every member of the Society will be required. We all must give of our already taxed energies and time to the united effort which such a militant, dynamic program requires. We must ourselves practice the science of management at its highest level. We must as an organization maintain the proper balance between our national and our chapters' programs, interests and spheres of activity.

In its five years of existence in its present form, our Society has grown in strength and purpose under the leadership of its officers. Today it faces the opportunity to rise to those heights of national leadership which its founders planned for it. If our Society is to endure and give evidence of its effectiveness, we as officers and members must accept that challenge and that responsibility.

*Reprinted from ADVANCED MANAGEMENT, Volume VI, No. 4, October-December, 1941.

LEADERSHIP

Developing Leaders Through The Conference Method*

By HENRY C. METCALF

Through the conference method, all the components in an organization will have an opportunity to display leadership.

IN THE PREFACE to the third edition to our volume on Personnel Administration (1933), Mr. Tead and I wrote that, with the pioneering period over and the case for personnel management proved, the real problem confronting business is: "Under what conditions of personal attitude and of economic and corporate organization are people likely to be disposed to work happily and to best advantage together in creating the goods that we all need?" In attempting to center attention on the aspects of personnel work which seem closest to the core of this problem we concluded that the following matters require most urgent attention and constructive thinking:

First, there is the increasing importance attached to providing reasonable security of employment and livelihood for all.

Second, there is wide interest in fostering better education and training in industry, not merely for improved workmanship but for encouraging the development of all-around and more effective personalities.

Third, there is wider and wider acknowledgment that the principle of the representation of the different interests involved in deliberations on policy should be applied in industrial and corporate government.

Fourth, more and more people are willing to admit that the support of the rank and file in helping to realize the objectives of a corporation can be expected only when those objectives are broad, sound, and inclusive enough to make it likely that the workers will feel safe and benefited by espousing them.

Finally, if industry wants genuine co-operation from all members of a working group, it has now become plain that a price must be paid—the price of admitting them as more nearly equal partners in the conduct of the enterprise. How that fact of partnership shall be given concrete expression is one of the most provocative issues of our generation.

WHAT DO WE WANT?

We are unquestionably in the midst of a revolution which is transforming the character of our economic life and social relations, and changing the powers and responsibilities of the government toward business and of business toward the community in which it operates. As a result of the complex forces responsible for the rapid changes we are experiencing, certain world-wide, insistent demands. These demands are:

1. the assurance and protection of a decent standard of living—food, clothing, shelter, education, health, recreation —for all;
2. the guarantee of personal and social security;
3. the demand for a fair opportunity for self-expression and growth;
4. the demand for fairer dealing and justice in both business and legal relations.

An attempt to secure the fulfillment of these basic human needs has meant a definite struggle between the forces of opposition represented by private interests and the will of society represented by the State in every advanced nation of the world. The economic, political, and social changes that, with increasing acceleration, have taken place throughout the world during the past three decades make it clear that, although we may choose whether we wish to go forward slowly or rapidly, we cannot turn the clock backward.

The fact is that the machine, and resulting large-scale, complex, rapidly expanding industrial organization with its concentrated power and wealth, have so complicated and unbalanced industrial-social relationships that it has finally become evident that new standards and procedures must be adopted and enforced if industry and the nation are to prosper steadily and happily and long under the existing order.

NEW PROBLEMS

The most pressing new management problems arise, then, from the size, complexity, speed and related characteristics of modern business units, their effects upon the nature of man, the human desires and motives which the industrial system must provide for, and especially the importance of recognizing individual differences in centering upon the development of personality, with individual liberty and freedom so related to social trusteeship and responsibility that our economic ills may be remedied.

Admittedly, progress in the solution of industrial human relations problems has lagged far behind technological progress. But there is no doubt that now a new philosophy—a new attitude of mind—is beginning to reveal itself in our business and industry, in fact, in the whole world. Whereas, in past generations it might be said that business and industry were not even aware that there was anything they *ought* to be wanting, we have at least progressed to the point of crystallizing in some measure *what* we want, if we have not yet agreed upon the method of *how* to attain it.

What is it, then, that we want? I quote from an analysis by Dr. Harry A. Overstreet:

> Apparently — most fundamentally of all — we want scientific and philosophic intelligence applied to business management.

*Reprinted from ADVANCED MANAGEMENT, Volume III, No. 1, January, 1938.

We want intelligence, first of all, as to *what* to produce as well as *how* to produce it. In the second place, we want intelligence as to how to distribute the fruits of production. Finally, we want intelligence as to how to make the entire economic process serve the ends of the fullest possible development of all concerned.

We are aware that such intelligence in management can not be expected to develop automatically, nor can it be guaranteed by the intrusion into business of political government. We know that we can only achieve it by building up individuals with an appropriate point of view and with a training adequate to carry that point of view into effect.

Thus, our whole problem of management today really resolves itself into the simple—even if difficult—matter of adopting a new philosophy, and to the training of all concerned so that they may effectively carry out that philosophy.

To say that what is significantly happening in business today is a movement toward a new philosophy is perhaps to say the most fundamental thing that can be said. To change to a new philosophy means to change to a mode of life in which there is a new integrating idea. Really to find and believe in a new integrating idea is to effect the most important modification that can be brought about in one's life or in the life of one's civilization.

I do not minimize the tremendous task confronting business and industry today in their efforts to reach a new philosophic viewpoint. Swinging our heavy, complex business structure around to the new way of thinking and acting is not a simple, quickly-ordered process. It means for all parties concerned plenty of constructive thought and analysis, conference, patience. For, although sound methods and procedures have been worked out generally and applied in some progressive companies, there is no patent formula here which can be followed indiscriminately, with clock-work results. Each industry, each corporation, each company, each plant must do its own human stock-taking, and organize and co-ordinate to suit its particular conditions and needs.

INDUSTRIAL SELF-GOVERNMENT

As Mary P. Follett, America's outstanding woman business philosopher, has expressed it, our goal is "freedom through organized relation." The relation of capital and labor in the attainment of a common objective is what gives spirit and meaning to our understanding. A safe superstructure requires a sound foundation, and sound *ideals* and *principles* are the most *practical* life guides. To work effectively together, therefore, the major interests in our business system — promoter-banker-financier, manager, worker, consumer, and the agent of all, the government—must first and foremost arrive at and live up to certain basic principles of industrial self-government. While time does not here permit any great elaboration of these principles, I do want to submit for your consideration as a sound core, a unifying basis of action, the following ten principles of industrial self-government, most of which have a familiar ring, but which I think we must admit have not yet been given a fair chance of application in our work relations. Briefly stated, these principles are:

1. The principle of the recognition of the sacredness of human personality, and its development and growth as the major goal of industry.
2. The basic principle of balance.
3. The principle of equality of opportunity.
4. The principle of the recognition of individual differences.
5. The principle of justice in labor relations.
6. The principle of the representation of interests.
7. The principle of experimentation.
8. The principle of the "inevitability of gradualness."
9. The principle of reward according to worth, according to productivity.
10. The principle of cosmic faith.

With these broad principles as a guide —as the *law* of the employer-employe-consumer-government relationship—the solution of the complex problems now confronting us compels an intellectual adventure of imaginative reconstruction, of scientific analysis, of integrated thinking.

Our chief hope lies in the fact that the need may be recognized of putting into practice, of vitalizing, terms until recently generally shunted in the business world as something theoretical and highbrow, now coming into common usage—*co-operation, co-ordination, integration, education* (as distinguished from training). Co-ordination — the transmission and interpretation of policies at and between each level—should be tackled as an urgent problem, one of creative challenge.

Workers, technicians and management may have common interests, but when they come together each group has its own way of looking at company policies and problems, and they do not recognize their interests as common ones immediately. At each level there are fears, hopes and real knowledge of the business which must affect and modify policies in process of formation. This is an inevitable result of past experience and organization—or lack of organization. Our attitude is determined by our experience and by the degree of responsibility placed upon us.

COLLABORATION

The question arises then — given a more or less different viewpoint at each level of responsibility, how best to get people to collaborate, to see the picture as a whole and to weld their ideas about it into a common view. The ability to collaborate is the ability to get the point of view at each level—what people want —connected up with what they know. Employes cannot feel that it is not good business for the company to pay higher wages if they do not know the financial status of the company. The degree of willing and eager participation expressed by the employes of a given company is dependent upon the nature of the desires they develop, based upon what they know.

Approaching the problem of sound policy determination, the following questions arise: Where does policy-making start? Whom do new policies affect? Who should be parties to policy-making? How do staff recommendations on policy get themselves adopted by the line officers? How does the knowledge desired get transmitted up and down? How is policy measured and evaluated?

The principle to be invoked here is that effective co-ordination requires that *every functional group involved in carrying out a policy be represented in*

deliberations where the policy and the general methods of its execution are decided.

Negatively speaking, there are psychological hazards to disregarding this principle, of which we see many examples today — hazards of misunderstanding, flat disagreement, sullen or uninformed submission. Failure to get facts before the people affected results in failure to get agreement. Only through group deliberation is it possible to get different points of view about the same things brought forward, and thus to assure in advance the willing and hearty agreement of all members necessary to give a policy effect. Men do not take well to a summary notice on the bulletin board. The process of pooling ideas stimulates willingness to come along with what is decided.

ALL POINTS OF VIEW

The problem is to see that every point of view is taken into account, that all such views are reconciled, that the interests of the organization *as a whole* are advanced. The objective is definite, conscious, affirmative, informed adherence in advance by all concerned to the *purpose and working methods* of the organization. Representation of all interests in conference, leading to integration, is the *means*. The effectiveness of the conference way is not measured by speed in settlement. Understanding does not come in a moment. Better one agreement built upon confidence than a hundred on the shaky walls of compromise or coercion. Never was the truth of this statement more apparent than today.

The larger the business, the more difficult is the problem of relating functions and staffs through sound organizational structure and conference procedure. In this relating, co-ordinating process, there are five administrative levels generally which must be included:

1. the board of directors;
2. the top administrative group (*i.e.*, the major staff department heads and general managers);
3. the heads of line departments and of lesser staff divisions;
4. the technicians within a special staff division;
5. the workers in all the line departments (the rank and file).

American industry has been built up primarily on individual initiative and individual leadership. When businesses were small and the relations between owners and their few workers personal, the owner-management had little difficulty in acquainting the work force with the policy guiding the common effort. Formal conference techniques were not needed to keep the business going on a basis of mutual understanding, good will and co-operation.

But during the period of tremendous increase in size, complexity and speed and the diffusion of ownership, the organization of thought and machinery for keeping the workers fully informed and getting their active, informed consent has in no way kept pace with the methods put into effect for increasing production, for instance. We are finding today that some corporations have grown too large and unwieldy to have a unifying "personality." Management is too far removed from the workers, in a complex structure with many overlappings.

Add to these facts the appalling results of over-specialization and canalized thinking which we suffered during the depression and our efforts to get out of it and forestall; and the fact is driven home with increasing force that we are in "a race between education and catastrophe," that our greatest need today is education in its fullest meaning, given expression in a well-integrated education and training program built upon the conference idea—the life blood of an organic industrial relations program. And there probably never before has been a time in our history when so many executives and employes of companies in this country are taking an active part in such education and training programs.

WHAT IS EDUCATION?

We are realizing that education must be a continuous life process, reminding us always *how to search out the true facts* which determine "the law of the situation" and *how* to think, rather than *what* to think *on the basis of one-sided facts* propagating self-interest and bias. *Education* is a process of leading forth, of guiding. The term connotes broad, fundamental concepts, implying the development of the physical, intellectual, and moral faculties. Education implies *knowledge, skill, discipline of character.*

Too often "education" and "training," or instruction, are used synonymously. "Education" is the far more comprehensive and meaningful term. The great Italian patriot, Mazzini, has well expressed the distinction as follows:

> *Education* is addressed to the *moral* faculties; *instruction* to the *intellectual.* The first develops in man the knowledge of his duties; the second makes him capable of fulfilling them. Without *instruction*, education would be too often ineffective; without *education*, *instruction* would be a lever lacking a fulcrum.

The meaning of education such as we need to acquire in the home, in the school, in government, on the job, but with especial stress here in the top executive ranks of industry is well given in the words of the late President Hibben, of Princeton University:

> In the process of education there are three stages: the first is that of *Knowledge*, the gathering of information from the great world of knowledge—what men have thought and felt and achieved, so that one may come to understand the world in which he lives. The world of the present can never be understood, however, without a profound knowledge also of the world of the past.
>
> But knowledge as mere encyclopaedic information is only the beginning of education. The second stage is that of *Understanding*, the ability to relate all items of knowledge, the ordering of the material elements of any subject, of discrimination between that which is relevant and that which is unessential, and above all, the ability to detect the universal operation throughout all the various separate items of knowledge, the work of the universal law of cause and effect. Knowledge can be gained by memory alone but understanding only by reason. Many centuries ago Aristotle said, "There are two classes of mankind, the one who know facts, the other who understand the causes of these facts; the latter are the true philosophers, follow them."
>
> The third element in the process of education is that of *Wisdom*, the ability to use the product of knowledge and of understanding so as to apply it to the attainment of desired ends;

it is knowledge and understanding made dynamic; it is intellectual power in action; but even more than that wisdom consists not merely in the skillful adaptation of means to ends but also an evaluation of ends in themselves. The wise man must discriminate between the end that is worth the effort to attain, or of secondary significance, or in themselves basely ignoble.

CONFERENCE EDUCATION

The kind of education needed today is through the conference method which will effect the necessary co-ordination. And in the educational processing called for, the essential first step seems clear. The beginnings must be made in the ranks of *top executives*. Only when those who are responsible in the last analysis for our industrial direction come to recognize the necessity for and importance of systematic education and training programs for themselves and their co-executives, and are willing to set up systematic schedules for learning, and require the same care in their execution that they demand in their daily *doings*, will the necessary results be achieved. If education and training is good business then it should be put on a business basis, the same as any other business problem. This needed executive manpower is not alone an individual problem; it is clearly a group problem and an "organization power" problem. It calls for a clear-cut program of thinking, of research, analysis, reflection and learning.

As the result of encouraging experience in two companies with which I have been associated, Servel, Incorporated, and the Hood Rubber Company, I recommend a conference program which begins at the top, with top management functioning as an Executive Personnel Advisory Board. The membership of such a board should include the President and the heads of the major departments. This Board should devote much thought to the formulation, interpretation, transmission, execution and measurement of the over-all policies of a well integrated *company* industrial relations program. It should consider the important question which I stressed —how is company policy best co-ordinated at each operating level and transmitted from one level to another? Management here has a two-fold objective:

1. To provide organized structures of conference or communication in and through which interchange of ideas takes place. This is the *organizational* aspect of the problem.

2. To vitalize the operation of this machinery of interchange so that there is a real meeting of minds, a harmonizing of desires and an integrating of objectives *in advance of action*, so far as possible. This is the *educational and psychological aspect* of the problem.

It must always be borne in mind, of course, that structures for co-ordination in such representative conferences are but the outward evidence of an inner disposition to collaborate in sincere, effective ways.

After these major problems of policy and co-ordination have been determined, the Executive Personnel Advisory Board has the function of relating (1) production and personnel policies, (2) sales and personnel policies, and (3) financial and personnel policies.

To complete this organizational set-up providing for effective horizontal and vertical co-ordination, there should be a similar guiding board or committee, at each operating level, taking part in well-organized and directed educational conferences.

With this background in mind, I am sure you will find interesting a description of the application of this technique in these two companies. At this stage of our industrial relations evolution, work of this nature presents the greatest challenge and promise of the greatest satisfaction to those of us who have spent a long life trying to understand these complex industrial human relations problems.

About two years ago I was delighted to get a call from an executive who has done a better job than most in keeping abreast of the times in his thinking. I refer to Mr. Arthur Newhall, who heads the Hood Rubber Company of Watertown, Massachusetts; his suggestion was that I come up to their plant once a month and give him and his coexecutives my conception of what top management should be thinking about in these times.

The Hood Rubber Company, of course, rates high in its organizational set-up and procedures. And Mr. Newhall made it clear to me that my job was not to try to tell these executives anything about the technical details of their respective jobs. What they felt they needed and wanted was to be given a perspective, an understanding of the economic-social changes which are obviously taking place, why they had been forced upon us, and what adjustments—physical, mental and spiritual — were necessary in order to be fitted to operate successfully under the new state of affairs. In other words, they wanted education as opposed to training—education in the sense of the Hibben and Mazzini definitions.

A full morning each month was set aside for a series of most stimulating and mutually helpful organized round-table conferences. We discussed the nature of man, his place as an industrial citizen, relationships and balance, the new social responsibilities of industrial management, and the present and prospective role of government in the picture. A carefully thought-out outline was sent on in advance for consideration by each group member, and one of the group members acting as secretary wrote up a digest of each meeting, which was duplicated for a permanent record for each of the group members. Each one of these executives — responsible for production, sales, standards, finance and industrial relations — had interesting contributions to make to our discussion, both because of the inherent differences in individuals and the result of their varied education, training and experience.

The cumulative result was a broadened interest and perspective and understanding of the complex interrelationships involved in their respective functions both within the plant and in relation to the outside world.

Mr. Louis Ruthenburg took over the reins at Servel not many years ago with a keen realization of the complexities of his problems and the vital need for education in industry respecting industrial relations. The way he felt about it was expressed in the following statement, concluding an address which he made before the National Metal Trades Association:

> We are beginning to learn that sales records, competitive position, profit and loss statements and balance sheets are not matters of primary importance in industry. Underlying such second-

ary results is the human equation, and these matters which we have so long regarded as things of primary importance are simply measures of the degree to which management has solved the problem of industrial co-operation.

At Servel, with a comprehensive foreman and group leader training program already in operation, beginning in the fall of 1935 we developed the group conference method for educational purposes at various levels and as a co-ordinating device between the levels. The top group—made up of the President and the Vice Presidents in charge of Production, Engineering, Sales and Finance—met for a half day each month in the executive offices at the plant in Evansville, Indiana, as the Executive Personnel Advisory Board, with an agenda and procedure similar to that of Hood Rubber. But here, as well as discussing the broader economic-social-political developments affecting management, we spent considerable time on the problems of the formulation, interpretation, transmission, execution and measurement of the over-all policies of the company industrial relations program, as well as the relationship of this internal company program to a sound industrial public relations program.

FULL DISCUSSION

In this group, questions of functional responsibility, the growing importance in business of science, research, standardized knowledge and experience were discussed. Functional responsibility was definitely stressed as opposed to any ideas of "ultimate authority" or individual control. There was constant emphasis upon the interweaving of function, authority, and responsibility; and an earnest effort made to analyze each situation, to obey the facts disclosed, to recognize conflict at points where it occurs, and to solve the problems where and when they arise. This means that cumulative responsibility based upon research, standards, and co-operative control shall rule.

Going on down the line, on the day following the monthly meeting of the Executive Personnel Advisory Board, the heads of departments which had to do with personnel met as the Personnel Conference Group to discuss equally carefully prepared agenda. This group, headed by the Works Manager who made the liaison between it and the top group, was in addition made up of the personnel director, the educational director, the heads of the engineering and standards departments, the medical director, the service director, and the office manager.

In this group we sketched more cursorily the broader picture, and showed the relationship to and discussed intensively the actual personnel problems of each of these officers, in order to turn the wisdom of the whole group upon them and to work out the troublesome relationship problems.

From time to time the effectiveness of the education and training program was tested by having the group members check to determine whether or not specific improvement had been made in items like the following:

1. Stabilizing business.
2. A better type of applicant.
3. Decreasing labor turnover.
4. Decreasing waste, both in time and materials.
5. Reducing accidents.
6. A better health record, expressed through fewer accidents and steady employment.
7. Improved financial condition of the workers.
8. Increased interest in participation in employe activities.
9. Freedom from labor troubles.
10. Increased production and better quality production.
11. Better co-ordination between those responsible for different parts of the personnel program.
12. Improved community attitude toward the company.

One interesting experiment carried out by this group had far-reaching effects, from the foremen group to the top. The foremen were asked to fill out a questionnaire revealing what they considered (1) their accomplishments during 1935; (2) their weaknesses in 1935; and (3) their plans for improvement in 1936—all with respect to personnel. The answers were charted and summarized.

Reported accomplishments grouped themselves under better administration, improved employment procedures, health and safety provisions, and training and research results.

Reported weaknesses fell into three main categories — personal weaknesses, weaknesses in administration and morale, and weaknesses due to unsatisfactory working conditions.

Plans for improvement the following year again fell into three main groups—(1) Self-improvement, (2) improvement in the functioning of the various personnel divisions, and (3) improved quality and reduced costs.

We studied these results in both the Personnel Executive Advisory Board and the Personnel Conference Group, and we agreed that they led to certain *general conclusions*, which served as a basis for immediate action, one step of which was the commencement of a thorough-going job analysis. You may be interested to hear what these general conclusions were:

1. The need—
   a. Clearly defined administrative objectives and policies, particularly in personnel management.
   b. A functionalized organization set-up—with an effective system of co-ordination, horizontal and vertical—through which these objectives and policies may be transmitted, interpreted and executed.
   c. The development of more aggressive, yet co-operative, leadership for effective team-work.
2. The setting—
   An encouraging awareness and recognition of these needs, especially a desire for self-improvement for leadership to meet changing conditions and policies, with the aim of producing quality products with more efficiency and less cost—and a good start in that direction.
3. The method—
   a. Fit the man to the job.
   b. Continue to improve standards of fair dealing in wages, hours and working conditions and incentive plans in keeping with efficiency and control of cost and quality.
   c. Encourage self-analysis, understanding and improvement.
   d. Conferences for department and division heads in the interests of interdepartmental co-ordination.
   e. Vitalize the education and training program for foremen, group leaders and service groups, so that they will understand and interpret company objectives and

policies and instill quality consciousness and team-spirit in the workers.

f. Vitalize the Workers' Council and relate the Employes' Association and various welfare activities, stressing the educational aspect.

4. The anticipated result—

A smoothly-running organization, with an efficient, contented, loyal body of workers.

The comprehensive educational program at Servel, also uses the conference method in other groups down the line. I quote from a statement prepared by Mr. H. L. Humke of Servel:

The *Master Methods Groups* are given largely to the training of leaders, but the development of top executives through master sessions is not neglected. Methods of conducting conferences, evaluation of textual material, sampling of proposed conferences and the awakening of top executives and leaders to the particular importance of industrial relations receives much attention.

Foreman training is set up with definite objectives accompanied by a series of specific courses planned over a period of years, which courses, it is assumed, will help in the achievement of objectives. The training of this group is tending to take on a rather definite aspect in regard to standards of achievement. Obviously, the use of standards of achievement must be very definitely tied in with a merit program. The establishment and validation of standards and the achievement of a merit program involve extended time for development. Engineering foremen followed the course with the production foremen for the first year.

Group leaders at Servel, Inc., compare in position with men in other institutions who may be called assistant foremen, "straw bosses," shift leaders, etc. Leaders of this group, which totals approximately 200 men, are chosen from outstanding foremen. The subject matter followed is the same in title as that used in the regular foremen conferences. This material is presented to the group leaders from six months to a year after it has been presented to the foremen. The group leader program differs from that of the foreman group in two essential points; namely, the group leaders of a single department, sometimes two departments, constitute the study group and these meetings are used as an occasion for very pertinent discussion of shop problems and of safety programs. It is the plan to develop standards as rapidly as possible so that group leaders may be advanced to foremanship positions on a merit basis determined by efficiency of operation in the plant and by success in passing the hurdles set up in connection with the various standards.

There are other groups — a student group, a squad of men studying engineering on a co-operative basis at the University of Cincinnati, and Servel Opportunity School Classes for Employes.

Such an educational conference program, developed at each operating level from top to bottom, should make for "the spread of knowledge," which Mill cites as one test of an advancing civilization.

CALL FOR LEADERSHIP

I have given these examples of the conference method of education and training in industry, stressing especially the unique value of a top Executive Personnel Advisory Board, because I feel they represent what is most needed today. I am certainly not alone in realizing the great need for educated leadership, for "specialists in generalization." I could give you a long list of quotations from men and women in all sectors of life to bear me out. Here are four, the first from a prominent young industrial leader, the second from a retired industrial leader, the third and fourth from long-time students and teachers of industrial relations:

Of course, the quest for leaders is as old as the race. But that quest is more active today than ever before in our industrial history. This, I think, is chiefly because many new problems have arisen to create a crying need for a new type of business leader. . . The crux of the situation is not so much the need for men, nor the scarcity of proven leaders, as it is *the failure of American business management generally to introduce an orderly and methodical system for the discovery, development and assignment of executive personnel.* (Edward R. Stettinius, Jr., Vice President, U. S. Steel Corporation, in "The Selection and Development of Executives in American Industry," an address delivered at the Harvard Tercentenary, September, 1936.)

The business man and professional man must continually expand his education. . . . *Education is a continuous process.* It is sometimes acquired instinctively or intuitively. As a general thing education is the result of painstaking application, and involves alertness to recognize everyday opportunities and willingness to take advantage of them. (Carl Raymond Gray, retiring president, Union Pacific Railroad — 136th annual commencement of Washington and Jefferson College.)

We have developed scientific research and the training of scientists admirably; *we have failed utterly to promote any equivalent educational development directed to the discovery and training of administrators of exceptional capacity.* . . . Better methods for the discovery of an administrative *elite*, better methods of maintaining working morale. The country that first solves these problems will infallibly outstrip the others in the race for stability, security and development. . . . The urgent problem of the present is that our administrative *elite* has become addict of a few specialist studies and has unduly discounted the human and social aspects of industrial organization. . . . The universities of the world are admirably equipped for the discovery and training of the specialist in science; but they have not begun to think about the discovery and training of the new administrator. (Elton Mayo, in *The Human Problems of an Industrial Civilization.*)

So we must try to broaden the perspective of the men who are now in business. *We must try to make them understand that all business problems are social problems and that the most important ones are national problems.* We must try to teach them that specialization in business can go too far; that no man is qualified for business leadership who does not understand the true relation of business to society, and that no price is too high, and no personal sacrifice too great, if it is

Bestsellers All!

Reprints of the most talked-about current and recent ADVANCED MANAGEMENT articles are now available

YOUR CHOICE – 5 for $1
OR THE ENTIRE 18 - for only $3

Each article on this list has been reprinted – some several times – in response to steady demands for copies from Management Men all over the world.

51. Keynote for Management-Industry Partnership, by Thomas H. Carroll, Dean, School of Business Administration, University of North Carolina.

52. Simplified Incentives for Multiple Production, by W. Dale Jones, School of Industrial Engineering, Georgia Institute of Technology.

53. Setting Cost Reduction Goals, by Elliott I. Petersen, Vice President for Manufacturing, Bigelow-Sanford Carpet Co., Inc.

54. Profit-Sharing – The Importance of Being Important Together, by Clarence A. Wimpfheimer, President, American Velvet Company.

55. Executive Development Through Colleges and Universities, by Earl G. Planty, Executive Counselor, Johnson & Johnson; Dr. C. K. Beach, Professor of Industrial Education, Cornell University and Gordon Van Ark, Division Manager, Personnel Development, General Foods Corporation.

56. Communications—What Are Employees Really Interested In, by Peter F. Drucker, Industrial Economist.

61. Wartime Lessons in Wage Administration, by Canby Balderston, Dean, Wharton School of Finance and Commerce, University of Pennsylvania, and Former Assistant Chief, Civilian Personnel Branch, Industrial Personnel Division, Army Service Forces.

64. Efficient Planning for Budgeting, by Charles C. James, Associate Counsellor, Stevenson, Jordan and Harrison.

65. Budget Navigation by Dead Reckoning, by Alwyn M. Hartogensis, Ebasco Services, Inc.

66. Democratic Principles in Business Management, by James C. Worthy, Sears, Roebuck and Company.

68. Personalities in Labor-Management Conflicts, by A. A. Imberman, Imberman & De Forest.

70. Executives Evaluate Administrative Conferences, by Dr. Martin Kriesberg, United States Bureau of the Census.

71. Size and Effectiveness—An Administrative View, by Howard K. Hyde, Department of Defense, Washington.

73. Procedures in Industry and Business, by Dr. Michael Albery, Assoc. Prof. of Finance and Industrial Management, Boston College.

74. Fitting in the Specialist Without Antagonizing the Line, by Lt. Col. L. Urwick, O.B.E., M.C., M.A., etc., Chairman and Managing Director, Urwick Orr & Partners, Ltd., London, England.

75. The Front Line Supervisor, by George R. Northrup, Field Engineer, Monsanto Chemical Co.

76. New Frontiers For The Industrial Engineer, by Harry L. Wylie, Assist. Secretary, The Pure Oil Co.

77. Getting Effective Leadership In The Industrial Organization, by Douglas McGregor, Industrial Relations Section, Massachusetts Institute of Technology.

Order Coupon

SOCIETY FOR ADVANCEMENT OF MANAGEMENT
411 Fifth Avenue - New York 16, N. Y.

Please send ..... copies of the following reprints:

Numbers ....., ..., ..., ..., ..., ..., ..., ..., ..., ...,
at 25 cents each — or Five for $1

..... Put a check mark here to order
THE FULL SET OF 18 REPRINTS for $3

Enclosed find check (or money order) for $.....

Name .....

Address .....

.....

I am a member of S.A.M. .....

necessary to obtain that point of view. (Philip Cabot, in "Business—The Servant of Society," *Economic Forum*, Winter, 1936.)

A prime essential to leadership in the necessary program of industrial emancipation is the capacity for *intercreative co-ordination*, which bespeaks (1) social trusteeship responsibility, (2) the long-run view and an understanding of the underlying relationships governing our social-economic life, and (3) adherence to principles and techniques set forth in a code of ethics and rules of governance.

What we are working toward—in the plant, in the company, in the industry, in industry generally and in industry-government relations—is an honest integration of all points of view. It is an inspiring challenge—a nation-wide mobilization of individualities.

Instead of the old method of "power-*over*" the new leadership uses "power-*with*." Autocratic dictatorship yields to the principle of functionalization. Each individual hereafter is called upon to contribute in his own way. Increasingly things are to be done *through* him, not *for* him. Persuasion through education, with the leader in the role of teacher, takes the place of domination. For leadership, which is fundamentally an educational process, *liberates* human energy, creates power and stimulates growth through the integration of diverse purposes and the intelligent use of individual differences, while domination retains all power and reduces those it controls to puppets and routineers.

The whole industrial structure must be permeated with the ideal of freedom of opportunity for the individual to discover, train, and apply his individual tastes, interests and capacities. *We need, therefore, leaders who are educated and trained to think and act historically, to think and act scientifically, to think and act socially, and, above all, to think and act in terms of the capacities of their co-workers.* We should continue to strive for a sounder employer-employe relations policy, of a permanent character, embodying scientific and just selection, placing, motivating, rewarding and participation of the entire personnel—in a word, *responsibility commensurate with power* in industrial human relationships.

It's here ! New Bruning Copyflex 14

First Desk-Side Machine for Copying any size Office Form

Speeds Ordering, Invoicing, Production Control, Accounting, Purchasing, Shipping Reports!

Now, for the first time, with the new Bruning COPYFLEX 14's greater width—20 inches—you copy any office form in seconds.

And the copy's *exact* (no errors or smudges) . . . flat, dry, ready-to-use. No time-wasting manual copying. In 5 minutes anyone can learn to copy with COPYFLEX . . . usually the lowest cost way to quickly make 1 to 100 copies of practically anything drawn, written, typed or printed on ordinary translucent paper.

No wonder typical COPYFLEX users are reaping savings! For example (names on request), COPYFLEX *saves* a life insurance company $100,000 yearly via loan processing system . . . a hardware wholesaler $15,000 annually via order-invoice system . . . a national merchandiser $25,000 in six months by cutting clerical work in half, producing invoices on time . . . and COPYFLEX *speeds* manufacturing, stops errors, for a large metal fabricator via production control system. Mail coupon for full details. Charles Bruning Company, Inc., Teterboro, N. J.

Of all desk-side copying machines— only COPYFLEX 14 gives you:

1. 20" width! Copies even large reports, accounting sheets, etc. or two ordinary forms simultaneously, with no masters or stencils, no inks to soil hands. Separates and returns originals automatically.

2. No installation! No fumes, so no exhaust ducts are needed. No darkroom, no special room lighting. The "14" is *mobile*, rolls to any work-site.

3. Copies of even opaque originals or forms printed on *both* sides, using Bruning's exclusive Reflex Film.

4. Unequalled combination of speed, volume, low-cost. Copies thousands after thousands of large or small, *different* originals daily, at an average cost of only 2¢ per sq. ft.

BRUNING
Specialists in copying since 1897

Copyflex 14

CHARLES BRUNING COMPANY, INC.
Dept. V102, Teterboro, N. J.

☐ Send me free booklet on COPYFLEX 14.
☐ Show me COPYFLEX in action (no obligation).

Name.....Title.....
Company.....
Street.....
City.....Zone....State.....

OFFICES IN PRINCIPAL CITIES

NMC INTERNATIONAL NEWS

EDITOR'S NOTE: *NMC International News, written by the staff of the National Management Council, will be a regular feature of ADVANCED MANAGEMENT.*

The Society for the Advancement of Management is a charter member of NMC, a non-profit, non-political organization founded in 1933 by the leading societies and associations interested in the promotion of the science and art of management. NMC represents the United States in the International Committee for Scientific Management, (CIOS), a coordinating, cooperative society, composed of like associations in 20 other countries.

THE FIRST Luncheon-Discussion meeting of the National Management Council (NMC) for the 1952-1953 season was held in New York on October 1st. An internationally known speaker is presented each month at these luncheons. Dr. Hugo de Haan, Secretary-General of the International Committee for Scientific Management (CIOS) of Geneva, Switzerland, was the first speaker of this new series. Dr. de Haan spoke on the plans being formulated by CIOS to assist the underdeveloped areas of the world through scientific management.

Professor Erwin H. Schell, Head, Courses in Business and Engineering Administration, Massachusetts Institute of Technology, and Vice President of the National Management Council, was Chairman of the meeting.

CIOS HISTORY

In his opening remarks Dr. de Haan told of his visit to the Western Hemisphere Conference in Chicago on September 8th. Then he reviewed the history of CIOS during the post-war period of the past six years, which he summed up by saying:

"All our activities from Stockholm over Brussels to Sao Paulo were bent to reconstruction, vitalization, and consolidation in all the 20 CIOS countries as well as at Geneva, to a renewal of CIOS statutes and constitution, to a raising of its status within the post-war international world of the new United Nations, to an improvement of its Congresses by a more cooperative preparation and a raising of the scientific level of their discussions."

Turning from the past to the future he said:

"Time is now here, it seems to me, when CIOS, having accomplished its own rebirth, should now fit into the new setting of the post-war scene and must step in, with renewed vigor and optimism, into new and larger fields of action.

"President Cornil was called upon for diplomatic leadership in this important transitional period. By a cruel fate, he was not allowed to implement the task assigned to him. President Maynard took over his task and approached it from the very first with a true American's optimism, with his technical knowledge and far-sight. In his first letter as President, he gave me his thought-provoking and action-inspiring opinion that, whatever CIOS would have hitherto accomplished, management has not yet scratched the surface of what it can do and has to do for mankind."

NEW TASKS FOR CIOS

Dr. de Haan pointed out that the threat to peace is no longer class-war, but cold war preceding a third world war; how the increasing gap between the "have nations" and the "have not nations" is what is creating "world-wide tensions", the gap between countries who have not only preserved their standards of living but go on to still higher levels of prosperity, and those areas which through war destruction fell to lower levels than ever before; and finally the regions which, since the colonial mask has been taken away from their faces, reveal the haggard features of populations living in what is now labelled "under-developed countries."

"Here a new task seems to appear on the horizon for CIOS and for all its old established National Member-Organizations in 20 highly industrialized countries; the task of *helping under-developed countries to raise their productivity* through the best of the management methods so far developed.

"There is a bulk of management knowledge accumulated in all the National groups of CIOS, handed down by the pioneer generation, increased by international exchange of experiences, and particularly by a permanent transfer and assimilation of American know-how."

Dr. de Haan went on to say:

"There are *moral imperatives* for such action on the side of CIOS Committees; not only idealistic charity from the rich to the poor, but also moral duty; we must give because we have received. There are also motives on a much more down-to-earth basis; lessening dangerous tensions created by the widening gap of economic levels, building up business relations in growing new markets; making capital investments in those countries renumerative; and all sorts of other enlightened self-interest.

"Why should not CIOS be entrusted with the launching and implementation of a *Managerial Assistance Plan* under which all the knowledge on Scientific Management Techniques, as accumulated with our old established groups in 20 highly industrialized countries, should be brought to the areas where scientific management is less developed, or even unknown, with the following two aims in view:

A. To raise the productivity of their national economies without repeating the errors of the first 'industrial revolution' in other words with due care for the human factor and the interests of labour;

B. To accompany capital going out to those countries with all the technical know-how, which is indispensable for efficient use and fair remuneration of any investment."

Standardization — The Automatic Pilot of Management*

By JOHN GAILLARD

The author examines the more important aspects of this vital managerial control tool.

GETTING A CLEAR view of the significance of standardization as an integral function of management has the double advantage of giving everybody something of practical value in his work, and of making a contribution to the advancement of management, the object of our Society. However, to have these advantages materialize, we must "sell" standardization to the executive. Standardization is still considered by many people as a purely technical function involving such matters as the establishment of dimensional tables or quality specifications for materials. This is only part of the general problem. The significance of standardization to management lies in its general application —not only to engineering, but also to purchasing, sales, research and other functions. As a group here, we are mainly interested in two questions:

What can standardization do for management in general?

How should standardization be organized in a business concern to produce the greatest benefit?

To visualize the essential purpose of standardization, we may roughly define a standard as a specification of something by which we agree to abide—or have to abide—for a certain length of time. The nature of that "something" may vary widely. Customs, traditions, manners, fashions and laws—all of these are in the class of standards. Their observance may be an absolute requirement or it may be left to our choice. Even where observance is not compulsory in the literal sense—such as manners and fashions—we usually follow the standard, whether we like it or not. Why? Because we feel that it is necessary for the sake of harmonious relations and co-operation with our fellowmen. The ultimate and essential purpose of all standardization is co-ordination —the creation of harmonious co-operation. Centuries ago the old republic of Venice standardized the build and rigging of its ships to make all of them behave the same way, under given weather conditions, and keep them together as a fleet—moving forward in harmony.

FUNDAMENTAL CONTROVERSY

Contrasting with this ideal purpose, standardization also causes a fundamental controversy in human nature. As individuals, we love freedom of action. As citizens, we want order and system. The two tendencies—striving for freedom and striving for order—are basically opposed. Order and system must not lead to regimentation. Therefore, one of the most difficult problems to be solved, in setting up standards, is to strike the right balance between the strictness or "stiffness" required to make a standard work, and the flexibility it must have if such evils as stagnation, regimentation and monotony are to be avoided.

TECHNIQUE IS NEW

While standardization is as old as the human race, definite principles underlying the technique of its application have been formulated during the last twenty years. Since World War I, there has been a strong development of standardization as a centralized national movement in the industries of more than twenty countries, and even on an international scale.

Analytical study of standardization has shown that to be fully effective, it must be treated as a distinct and centralized function of management. This idea has to be sold to executives and to visualize the problem, a business organization may be compared with a modern airplane.

COMPARISON WITH AN AIRPLANE

Executive management, as the pilot of a business, is expected to steer it along the most effectiveness course. To realize what it means to control the many functions involved, let us look at the instrument board of a modern airplane, our physical model of a business. There are twenty to forty instruments to be checked. In addition, there are flaps and landing gear to be operated, throttle, mixture control, manifold pressure, and propeller settings to adjust, radio communications to be maintained, navigation problems to be worked out, and fuel consumption, ground speed, drift and other calculations to be carried on in flight. No wonder that the airplane pilot is under a heavy strain. In 1938, Dr. Armstrong of the Army Air Corps, based on four years' study of military and civilian flying, reported that more than 50 percent of the accidents in both the Army and in civil aviation were attributed to pilot errors,

*Reprinted from ADVANCED MANAGEMENT, Volume IV, No. 5, Fall, 1939.

ascribed largely to "pilot fatigue" caused by mental and physical strain.

Is not many a business executive worn down by conditions strikingly similar to those affecting the airplane pilot? Frequent complaints by executives indicate that they have too many different things to watch and too many reports to read. Being under continuous and severe strain, they cannot focus their attention on matters that demand judgment and initiative. They are too much swamped by details to make the most of their real job as executives.

THE AUTOMATIC PILOT

The aviator is relieved from fatigue by an automatic device, a robot pilot. During long periods, normal control of the plane can be left entirely to this instrument and the human pilot can freely watch developments of greater importance.

In a similar way, we can take a load off the executive's mind if only we translate the mechanical robot into terms of management. The action of an automatic pilot is based on its effort to maintain *standard* conditions. For example, stability is maintained because the robot makes a correction when the plane's sidewise or lengthwise slant exceeds a certain angle. The value of the robot, then, is based on two main capacities. One is to observe a given condition adopted as normal or *standard*, and the other, to act automatically to maintain that condition. It is the combination of these two functions, performed in regard to as many conditions as is practically possible, that relieves the human pilot from strain.

The same principle can be applied to business management. Any condition, any requirement, and any decision, that can be taken care of automatically by *system*, relieves the executives by not taking their time and effort. Therefore, if the several departments of an organization—and within every department, its subdivisions—will set up standards wherever they can be applied, the collective benefit of these standards to executive management will be comparable to the benefit derived by the aviator from a robot pilot. Standardization, consistently and systematically applied throughout a business organization, truly becomes the automatic pilot of management.

EXACTING JOB

An important question is: What functions are suitable for standardization? To what extent can managerial control be handed over to system—that is, to an automatic device of management?

To answer this question, we go back to our definition of the purpose of standardization: the establishment of co-ordination, or harmonious action, between co-operating units.

Every business organization needs internal as well as external co-ordination. Internal co-ordination starts with the individual workers, whether they are at the bench or the desk. Teamwork between small groups finally integrates into co-ordination between entire departments. External co-ordination is required, because the business as a whole is a unit in a larger scheme: the branch of industry to which it belongs, and in fact, the entire national industry. In this connection, its activities have to be co-ordinated, for example, with those of its suppliers and customers.

To get a concrete picture, we shall focus on a specific case: a manufacturing concern. Here we have two main groups to consider, production and distribution.

Right away, we come upon a natural difference in attitude that in many organizations gives executive management many worries. It hinges upon the question "What type and quality of products shall be manufactured?" The Sales Department claims that it knows exactly what the customer wants and, therefore, what the engineers should design. But the Engineering Department holds that *it* knows best what is a technically sound product. Therefore, it believes that the salesmen should educate the customer and sell him what the engineers design.

You may remember the low automobiles in vogue some years ago. In 1933, Henry M. Crane, a prominent automotive engineer affiliated with General Motors, said: "The engineer is suffering today because of the insistence from the sales department to make cars lower and lower. I would welcome any concerted demand from the public for a higher type of car, for it is a tremendous job to place the machinery between the floor of the car and the road, and still have some road clearance."

In such cases, we are dealing essentially with a problem of merchandising, a function defined as follows:[1]

> Merchandising is the co-ordinating force between the task of selling goods and the task of buying or manufacturing the goods to be sold. It establishes standards of proper construction, proper varieties, proper quantities and of prices best suited to the market.

Merchandising can be a "co-ordinating force" only if it makes use of standards. Several factors have to be co-ordinated here—what the customer wants; what he is willing to pay; and what product can be manufactured at that price that will satisfy him and leave the company a profit. Each of these factors is likely to change continuously or at least frequently. Consequently, the standards established for the "proper construction, proper varieties, and proper quantities" and the "prices best suited to the market" will vary all the time. This leads many people to say that standardization in this field is difficult, if not impossible.

However, while all of the factors may vary, and standards applying to them may be short-lived, it should be realized that the *methods used in setting up the standards* can be standardized themselves and will remain valid much longer. These methods should be standardized because we must have at our disposal permanent machinery for observing the demands of the market and for translating these observations into specifications for the product. Varieties may have to be added or dropped. Entire new lines may have to be developed. How can we keep up with continuous changes in market demand without having a definite,—that is, *standard*—method of observing that demand? Also, how can observations made at different times give comparable results unless the method of collecting and interpreting them be "standardized?" Measuring with a constantly changing foot-rule is an impractical procedure.

We find, then, that to maintain flexibility in supplying the market, we must set up standards, not only in production, but also in distribution. Only by constantly observing, measuring and in-

[1] Taylor Society, "Scientific Management in American Industry," Harper & Brothers, 1929, page 163.

terpreting the phenomena of the market by standard procedure, do we create the necessary "maneuverability" of a business concern that will enable it to keep abreast of time. This point deserves attention because it is often contended that standardization causes stagnation and gets a business into a rut from which it is not able to extricate itself readily when market conditions change. That this is not true is shown by our comparison between the management of a business and the piloting of an airplane. If standardization *prevented* instead of *created* the possibility of ready adjustment to the plotted course, then we should remove the automatic pilot from the plane.

We have hit here upon one of the most difficult and most delicate points to be dealt with, in promoting the use of standardization. It is the desire for individuality expressed in this form that the job one is doing is not suitable for standardization. One company holds that standardization cannot be applied to its product because the market demands change too frequently, or even, because at any given time the wishes of the customers vary too much. Another firm believes that use of standards might spoil the good relations established between the company and its highly skilled workers, many of whom have long years of service. Still another manufacturing concern, with a very fine set-up for standardization work in the engineering department, has not even attempted to use standards in purchasing, sales and personnel problems. Also, many an executive dismisses the thought of introducing standardization as a distinct function of management because he is convinced that leadership is solely a matter of personal touch. This is part of the conception, still widespread, that leaders are born and cannot be trained. To say that the born leader needs the least training is coming closer to the truth.

In the technical field, the first where standardization found general systematic application, the standpoint just mentioned has been largely abandoned. Yet, we should remember it is not so long ago that manufacturing concerns had their workers bring their own tools and held them responsible for keeping them in good shape. Management then did not care about the tools but was interested solely in the results obtained with them, the product. In modern shop management, the tools as well as their inspection and upkeep are standardized —a primary requirement for maintaining quality control in production.

STANDARDIZATION AND SELLING

In activities other than technical, such as selling and personnel selection, where the human element plays a more important part, progress in the application of standardization has been much slower. This is natural since the difficulty of the problem is increased here many times by the complicated character of human nature. When we set up a standard for the purchase and use of a metal we have a rather extensive knowledge about the properties required and the methods to be used in attaining them. However, we know much less about what determines a person's capacity to do work and to cooperate with others, whether in teamwork or in a leading position. The metal, if its quality is properly controlled by the supplier, has properties whose variations are known to stay within close limits. But the capacities of a human being vary constantly and sometimes widely. They even vary from hour to hour, if only on account of the fatigue element.

We find then that there is ample room for improvement in the application of standardization to functions other than those in the engineering field. Taking sales activities as an example, we know that there has grown up quite a technique of training salesmen. Courses are being given nowadays in a number of companies and while they must be adapted to the specific problems of each organization, they nevertheless represent an effort toward standardization. When an apprentice salesman is told "Never knock the product of a competitor," this is an elementary standard of attitude or behavior.

SELECTION OF SALESMEN

However, standardization should be applied in a still earlier phase than the *training* of the salesman. Just as in the design of a product it is important to select the right quality of materials, in the "design" of selling, it is essential to select the most suitable personnel. How can we pick the best salesman from a group of applicants? The following results obtained by psychologists specializing in this field[2] show the importance of standardization in solving the problem.

A number of leading companies have obtained excellent results with the selection of salesmen based on standard tests developed by research methods and thoroughly checked against carefully worked-out measurements of success on the real job.

In one case, the following three types of "selection instruments" were developed:

(1) personal history specifications (these were taken from the application form)

(2) tests of personality

(3) a standardized analytical interview

The fact that nobody can as yet define "personality," makes the nature of the test mentioned under (2) more interesting. It consists of four parts, as follows:

(1) a number of statements on controversial issues, to be made by the applicant;

(2) one hundred questions regarding the applicant's modes of behavior, attitudes and interests;

(3) three lists, each containing a description of personality traits, the applicant being asked to rate himself;

(4) a questionnaire regarding the applicant's preferences in twelve situations described.

Furthermore, the third "instrument," the standardized analytical interview, was designed to obtain a picture of the applicant's personality by letting him tell about his work, his social and domestic life, and his ambitions and aims in life.

According to the report, the application form and the standard system of self-rating made it possible "to reject from 20 to 40 percent of the least qualified among the applicants almost automatically." Also, the report says that this result left the hiring personnel "free to devote proportionately more time to a careful study of the personality qualifications of those men who are accepted by the first two instruments." Clearly, the first two standard methods functioned as the automatic pilot of the personnel department which, thus, had

[2] McMurry, Robert N., "A Scientific Procedure for the Selection of Salesmen," *Personnel*, Volume 15, Number 4, May, 1939.

a better opportunity to make a hand-tooled job of the third test. Yet, even in the latter, a standardized method was used.

STANDARDIZATION AND RESEARCH

The tests just described can be set up only as the result of research. However, we should realize that while industrial progress is dependent on research, the practical benefits of progress come to us only through application of standardization. Conversely, standards are indispensable to research, even in the scientific field. A theory tentatively established to explain a natural phenomenon is used by the scientist as a basis from which to proceed. If the basis appears to be unsound, he will amend his theory accordingly. Thus, the theory adopted at a given time is a standard level or fixed platform from which he tries to build up his knowledge to a greater height. Newton considered light as being composed of small particles—therefore, he established the corpuscular theory of light. Later on, Fresnel showed that light had characteristics of a medium in wave motion. This led to the wave theory of light. The modern physicist tells us that light has some characteristics of matter, and in other respects, characteristics of waves. Therefore, Newton and Fresnel each developed a "standard" conception that served as a new level in raising our understanding of the nature of light.

In an industrial concern there is another important tie between research and standardization. The development of a standard often reveals disagreement between experts. In such cases, the decision should be left to research. Whether this research is carried out within the company or elsewhere, and whether it consists of making actual experiments or finding data on the results of experiments made by others, is a matter of secondary importance. The important point is that the development of a standard often brings out the need for fact-finding in cases where we thought we knew all about the job. In this respect, standardization creates a strong incentive to research and, thus, most effectively stimulates the scientific approach to management.

What has been said of the need for standards in the fields of sales and research, applies equally to other company activities, for example, advertising. The adoption of a trade mark, a slogan, and a distinct package for the product are examples of standardization. Here, its purpose is to create an "automatic pilot" action in the mind of the prospective customer so that he will identify the product with the name of the company, or still better, that the attractive package will make him buy the product without further identification. The slogan of the advertising trade: "Repetition is reputation" is nothing but a recommendation to create a "standard" picture in the mind of the prospect.

Obviously, the standards required in the several branches of a company's business should be mutually co-ordinated, just as the chassis, the engine and the body of an automobile made in different places, must fit together when assembled on the conveyor line.

This co-ordination of departmental standardization is essentially a function of executive control. If the executive is to be assisted in this function by an "automatic pilot," how shall the latter be designed? That is, how shall we organize for standardization in a modern business concern?

ORGANIZATION

First of all, we should realize that the organization of company standardization work must be a hand-tooled job. It is true that during the last twenty years, definite principles and techniques of standardization have crystallized. But the *application* of these principles and techniques must be adapted to the individual needs of the company. Standardization itself cannot be entirely standardized.

Just as the design of a mechanical automatic pilot is a difficult and delicate job, the organization of standardization in a company requires special knowledge, tact, patience and effort. Because of its very purpose—the creation of harmony—standardization is a co-operative job. It requires the pooling of all available knowledge on the subject concerned. But since opinions are bound to differ, the only way of handling standardization work effectively is to use the conference method and committee work. The set-up need not be formal. A committee of one man may be sufficient to report on a given problem.

Correlation of all standardization activities at the top requires a central Standards Committee. In a mechanical concern this may consist, in its initial set-up, of the chief engineer, the production manager, the chief inspector, the purchasing agent, the sales manager, and the personnel manager. As time goes, it may be expanded by having more executives on its membership, for example, the advertising manager.

STANDARDS DEPARTMENT

There is much work to be done. It is necessary to study the field, develop a program, collect and digest data, draft and circulate proposals, receive and digest comments, revise the proposals and get them approved by the Standards Committee. The final standards must be manifold and distributed for introduction into the company's practice. Therefore, the Standards Committee needs a secretary—the Standards Engineer. As the work grows, this man will logically become the head of a Standards Department.

I have sketched here briefly the set-up of standardization work in a company of medium to large size. In a *small* company, the Standards Department may be limited to a single man who does most of the work through personal contact rather than through committees. This point is worth attention. It often happens that an executive approached with a proposal for the organization of a Standards Department fears that such an addition will complicate rather than simplify the company's management.

The use of standardization as a distinct function of management does not depend on the *size* of the machinery developed for its practical application, but in the fact that standardization problems are singled out and handled in a systematic and centralized manner, especially devised for the purpose.

The Standards Department must be neutral in its handling of the cases referred to it. Also, it must be independent of the other departments and report directly to a high-ranking executive.

If company standardization work is to be successful, the executive management should from the beginning make it clear to everybody in the company that this work has its full support; that the Standards Department is authorized to collect whatever information it may

need; and that company standards, once set up and put into effect, are to be strictly observed.

But it should also be made clear that all suggestions for the improvement of company standards will be welcomed and given due consideration. This can be done effectively as part of a general suggestion system operated to encourage the initiative of the company's personnel.

KEEPING IN TOUCH

The Standards Department must also watch outside developments in the field of industrial standardization work insofar as these may affect the company's business. In general, there are four main levels on which industrial standardization work is done: within a company; in a trade association or technical society; on a national scale; and through international co-operation.

Just as departmental standards in an individual firm call for central co-ordination by executive management, so must standards applying to entire branches of industry be co-ordinated by a central national standardizing body. In the engineering field, this is being done by the American Standards Association (ASA), founded in 1918 by five engineering societies and now a federation of more than seventy national organizations, trade associations, technical societies, and departments of the Federal Government. The ASA again is a member of the International Standards Association (ISA), a federation of the national standardizing bodies in twenty-two countries, organized in 1926 to promote international uniformity in national standards where this proves to be desirable and practicable.

Industrial standardization, as a national movement in the different countries, started in the manufacturing industries and, more particularly, in the mechanical field. The machine builder's job comprises a great deal of co-ordination of parts required to fit together into a harmoniously working unit. And while human organization cannot be made to operate with the same accuracy as a mechanism, yet the standardizer has learned much from the machine designer. Specifying tolerances small enough to secure proper functioning of the mechanism, yet so large as to leave maximum possible freedom, is a case in point. The principle involved applies to co-operation between machine parts as well as between human beings.

A company planning to organize its standardization work, but having no experience in this field, will probably need expert advice. In such a case, the following three-phase plan has been found to be effective in practice:

(1) A survey is made of the company's need of standards;

(2) While a Standards Committee and a Standards Department are being organized, the work on standards is actively started. This serves the double purpose of producing standards for the company and of training its staff in the technique of setting them up;

(3) Supervision of the work by the consultant until such time as the new Standards Department has acquired the necessary experience.

COST OF STANDARDIZATION

There is ample evidence to show that standardization, soundly applied, pays handsome dividends. The entire annual cost of the work may be repaid by only a few of the standards developed. It is well to emphasize this because every executive will weigh the matter of expense. Yet, many benefits yielded by standardization are more important than the savings measured in terms of dollars. I refer to the time and effort saved in doing work and the better spirit created in the entire organization because standards give a clear and complete statement of everybody's duties and responsibilities. "Esprit de corps" can thrive only on a basis of sound managerial standards.

CONCLUSION

We have dealt here with only a few aspects of the vast problem of industrial standardization. In promoting the use of the automatic pilot of management, our Society can render a great service. Let us keep in mind Kipling's words which have special significance here:

"It ain't the individual, nor the army as a whole—
But the everlasting teamwork of every blooming soul."

Do You Know?

What it takes to be a Good Executive.
What it takes to be a Good Leader.
30 Rules for getting things done through People.
How to get the most out of your business day.
How to get action for executive ideas.

If you would like to know the answers to these questions, send for the five free reprints of these bang-up Executive Methods articles which appeared in past issues of Modern Industry, *the only magazine edited exclusively for executives in industry.* These reprints will be sent to you *free* with an introductory subscription or advance renewal to M.I. at the special rate for Advanced Management readers —only $3 instead of the usual *$4.00 for one year. Send coupon today.*

Modern Industry, 400 Madison Ave., New York 17

YES — enter my subscription (or advance renewal) to Modern Industry at your Special Rate of $3 for 12 Full Months (regularly $4.00) and include my FREE copies of the Five Executive Methods Reprints.

Name_____ **Title**_____

Address_____

City_____ **Zone**_____ **State**_____

Company_____

Is this Company Address? ☐ **Home Address?** ☐

Send bill ☐ **Payment enclosed** ☐

Management's Professional Responsibilities*

By ARTHUR G. COONS

The author reviews the responsibilities of management as it moves toward recognition as a profession.

THERE ARE certain assumptions that will underlie my presentation of the professional responsibilities of management. One is that the corporate character of the modern economy, whether on the public or the private side, has come to be the dominant organizational aspect. The great majority of us are now associated with what in effect are "corporate" units, whether these be legally incorporated or not.

Another assumption is the similarity in nature of the problems of administration and management, whether one is dealing with public or private units. Business and government and even labor organization management deal with a common body of principles and problems, even though the objectives of these various organizations differ in fact.

Another assumption is that the essence of management is the maintenance of human relations on such a level that there is continuous effective operation of the unit in question. Human relations are fully as important as material supply, accounting techniques, plant design and layout, flow of goods, product adaptability and sale or any other of the topical breakdown of management's concerns, — indeed all of these subsidiary aspects of management are related to human relations and either affect esprit de corps or are affected by the continuity of internal morale.

These three assumptions point up one fundamental problem of modern management: the task of maintaining a personal relationship for every participant in modern corporate processes, — economic, financial, industrial, labor and governmental — within a framework which by reason of growth in size and complexity of interdependence has become potentially highly impersonal while the differences between and among all types of organizations in the economy have become less sharp than at earlier times.

SIGNIFICANT GROWTH

The past twenty-five years have seen a significant growth in the professional character of modern management. It is the product of the technological changes in our society and of the changes in law and public opinion induced by scientific and industrial technology. It is also the product of urban living. Both government and private business management have made great strides. "The conditions of discipline imposed by industrial existence and urban living having created the necessity — and more slowly the recognition — of sound administrative organization," states Dr. Phillips Bradley.

Whether we look at government or business, social welfare or the multifarious elements of our economic and social organization, administration is a central and critical consideration. Whether we look at public administration or private corporate administration, at institutional management or public welfare administration, or at labor organization, the administrator's position (and that of his staff of assistants) is pivotal and strategic. He must make decisions. He cannot escape them. Upon him and his kind much impinges, much hinges, much depends. We cannot deny that a confused and harassed world is groping for some economic and social philosophy possessing an explicable rationale for the modern world. It is seeking the direction for purposeful activity. It asks that this rationale be capable of drawing all groups, classes, and corporate entities into a more effective social coherence or sense of unity wherein the limits both of individual initiative or activity and of social control may be understood. Students of society and the responsible administrators of our society are now expected to be helpful in meeting this great social need.

Among the factors in recent economic history which are chiefly responsible for an added importance of administration and which call for a professional spirit and professionalization of management are the following:

1. The development of a technology of economic management.
2. The increase in the corporate aspects of economic life.
3. The expansion of cooperative schemes of economic endeavor.
4. The separation of management from ownership in all units over moderate size.
5. The tendency for management to be dominated by financial considerations rather than purely productive considerations — industrial capitalism vs. finance capitalism.
6. The development of new planes of action in the competitive process.
7. The search for coordination to achieve stability or security; a search found within both the public and the private economies.
8. The demand for a greater or lesser amount of economic planning, but a demand for planning of some kind nevertheless.
9. The abandonment in some units of economic organization, particularly public units, but not these alone, of market criteria for economic efficiency and the substitution of less automatic and more discretionary or arbitrary criteria.

*Reprinted from ADVANCED MANAGEMENT, Volume XI, No. 4, December, 1946.

10. The possibly increasing similarity of much public and private economic administration, of which an extension of known capitalistic and corporate institutions to the public field with the development of public and government corporations is an evident example.

11. The necessity for a continuous adjustment on the international level to the mixed patterns of economic life abroad and to the changing policies and practices of other nations.

Even in the period of formation of the modern corporate concept, when corporations possessed so large an orientation to public purposes, there was much employment and intra-corporate economic action not directly related to a monetary or pecuniary calculation. Centuries later, with the combination and integration of private corporations, an increasing portion of total production has appeared as intra-corporate production for use, values being set for internal calculations by the mysterious, theoretical or rule-of-thumb procedures of cost accounting. Today dependence on cost accounting is greatly extended in private action, embracing the pricing of most durable goods and indeed of most goods produced under conditions of joint cost and high differentiation of product. This has made possible in part the domination of industry by financial consideration.

ECONOMIC DEVELOPMENT

The present phase of the more or less continuous administrative character of economic development is the performance by the state of economic activities themselves and of activities having important economic influences. For this last, but hardly final, phase it is probable that much good will come from continued research into the internal processes of both private and public business administration to discover more than we now know of the similarities and contrasts. And the job must be done by social scientists so that we may not be overwhelmed by the formulations of those who can see nothing but contrast and nothing but evil in the one or the other.

In large measure, public administration is now economic management. Clearly discernible in a war economy, the fact has been clear to students of both government and economic life for a long time. The greater emphasis in political science on administration has been responsible for the introduction of a healthy realism and a new scientific viewpoint into that once highly philosophical subject. No longer can the powers of a President or any other officer of State be learned solely by a recital of the constitutional grants of authority nor by a listing of the concessions once wrung from an unwilling legislature nor by the virtues *cartes blanches* at other times handed to the office in a mood of desperation. The real powers of an executive are found in what he *can do*, which may be either less or more than those which the legalists declare him to possess. Modern political science must be concerned with the forces of public opinion, the functioning of political parties as government, and the operations of the administrative process. So with business management. It must be concerned with the forces of public opinion, the functioning of great and powerful economic groups such as organized labor and organized management and the integrity of the internal aspects of a given administration. A professionalized management will concern itself with these internal aspects.

Accounting has come to realize how much of the stuff it deals with boils down to human judgments, the decisions of administrators. And these decisions when neatly summarized become guiding symbols for the decisions of other administrators of both business and social institutions. How central managerial judgments are, every economist knows. And he also knows how distinctly more corporate or collective is that entrepreneur today, indeed how dependent each unit of economic organization is upon the decisions of administrators. Thus, the process goes on.

WHAT ARE THE CRITERIA

There is a psychological side. Every organization erects or unconsciously adopts criteria whereby it arrives at decisions. These constitute a central consideration of the administrative process. And it is within these criteria, within the drives that determine them or which, announced and accepted, they in turn determine, that one must look for an understanding of the dynamics of the modern world. It is the psychology which develops within all types of collective or corporate groups, the rationale of group behavior which is formed, which becomes controlling upon him who stands as representative of the interests of that group. Both private and public managers, even though responsive in their private lives to the same stimuli and impulses as are characteristic of men of less exalted station, take on as a consequence of authority or responsibility a logic of action limited by the objectives and the assumptions which are either developed for them by the group for which they are acting or are rationalized for the group by the administrator himself. We know little enough now of what really goes on in the formation of major decisions in the private or public corporate world of our day. We need to know more. But what we do know is sufficient to make us doubt that we can reduce it all to highly simplified abstractions on motivation which have been the characteristic bases of economic or political theorizing. To say "self-interest" or "quest for power" or "search for security" may be better than to say nothing but we need a more precise as well as more inclusive framework of social psychology to guide us in such analyses of administration as we may wish to undertake.

HUMAN RELATIONS

Every aspect of administration involves in some degree management of human relations. Economic questions do not involve material wealth alone, but the competition and cooperation of men in the pursuit of the goods and services related to their conceptions of well being. To a greater degree today than was true in days of much smaller units of organization, man's economic welfare depends on a large amount of conscious cooperation, even if but a prelude to competition. For much competition is now on a level far removed from the much-heralded purely individualistic economic arrangements of an earlier day. Here is a fact frequently overlooked by the devotee of laissez faire who often fails to see that administration by somebody is an inevitable part of the modern economic process however organized and that this, in itself, even though not recognized, is a part of the "government" of society today.

Furthermore, it is overlooked often that the large amount of cooperation involved in all corporate highly organized societies places a greater burden of a social as well as economic character upon administrators and demands an understanding of social psychology. It may be that we shall not be able to develop a motivation adequate to sustain the requirements which this type of economic organization places upon all its participants but it should help if we portray the dilemmas involved and do not run away from the realities of group behavior.

It is trite to remark that the manner in which economic affairs have been conducted has been altered radically in our times. Some aspects of this profound change we have watched developing through many decades. As an illustration one may observe the gradual transference of the central concern of many in the scientific management movement from the plant through the company or a particular business to an entire industry, and finally from industrial production management to the planning of the entire economy.

ECONOMIC vs. SOCIAL

In this administrative upsurgence of our time we have at times seen reasons of state supplant economic calculations of profit and loss and efficiency. This has disturbed economists. Not that the sole test of efficiency is the existence of profit. In some cases this is pertinent and indicative, but what we have postulated is at least the coverage of costs as a goal and a test of management. One social function of management is to keep down costs. Whether the level to which costs should be reduced is set by income, or whether, no income being involved, it is merely a determination to keep battling away at costs, this becomes an imperative aspect of any search for economy. Apparent abandonment of a concern for costs in the provisioning of some social services has been to many an occasion for horror. Some of course would even go so far as to consider that practically all services should involve a payment, should yield enough to cover their costs but this is no longer possible in the case of many services. It may not always be desirable. But the profession of management must keep working away to devise acceptable criteria of judgment as to the economic effectiveness of management in all situations where no direct connection between costs and income is present. In the case of a public corporation in Great Britain, where practically complete financial autonomy exists, where the entire enterprise must be self-sustaining, the criteria of efficiency tend to run in terms of financial solvency and technical achievements. The same is true of the demand for financial integrity and full economic coverage of costs in public power projects in this country. But no such criteria readily exist for soil conservation, reforestation, relief, resettlement, and numerous other agencies which exist primarily as disbursement units.

IMPORTANT DECISIONS

If decision-making is so important, what elements may we properly bring to bear upon a given decision, say one having economic importance?

(1) We have the systematic knowledge which we already have about the way men behave in society. We are waiting on the psychologists to give us more on which to build, but we are not utterly without some useful knowledge of uniformities. We venture to believe we have some principles in economics that are not pure figments of imagination.

(2) But no longer may we consider economic facts and theories alone. The economic aspects are connected with many apparently non-economic considerations. The relations of government to economic life today are so many and so varied that it is difficult to know where economic considerations leave off and political considerations begin. There is a close and continuing interconnection within all elements of modern societal structure. This means that scarcely any present vital problem can be revealed in its true nature by examination in business or economic terms alone. This means that each of us must learn to deal with problems in relation to the over-all pattern of national life.

(3) Furthermore, we must formulate our problems that they may be related readily to the general background of modern industrial society. They must be relevant to current issues of either local, national or international import. Their varied ramifications must be stated and if possible explored.

(4) We must reach out in an effort to foresee what the problems of the future are likely to be. Recollection, our chief device in the past, must be paralleled with anticipation. It is not that we attempt fully to forecast the future but to envisage the kind of problems which probably or possibly we may face.

It has not been an unnatural extension of logic for many to conceive of the state as an agency of economic action. Indeed, some have conceived of it as the inclusive corporate group, but apart from that, we have seen certain aspects of governmental responsibility given corporate attributes. Illustrative is the desire to transfer to use by the state the capital and current distinctions of corporation accounting, erecting a whole set of capital accounts now little used. Illustrative also is the large number of public or governmental corporations or quasi-corporate bodies now subordinate to Federal or central, state or regional and local governments, as purely administrative devices, as masks to stimulate independence, or for the management of public economic enterprise. In referring to these shifts one need not advocate their magnification. They are, however, facts to be considered in trying to form a picture of the management of the world in which we have to do our work.

THE PUBLIC RELATIONS PROBLEM

Management's professional responsibilities lie at the heart of the public relations problem of business development of the future. The successful management in the professional sense will be closely attuned to the demands of public service, to current conception of social values, ideals and moral feelings. In so doing and in action related thereto it will win back for itself some of the confidence which formerly it held in the public opinion of this country. It will seek to develop the reputation for reliability in information, for exaltation of production rather than of the purely market-wise commercial aspects of business opportunity. It will exalt production at the lowest possible price and lay emphasis on expansion and

plenty rather than contraction or restriction and scarcity. It will show a determination to eliminate nepotism and favoritism and win public confidence for its own schemes of reward for performance for the persons in management. It will by concrete actions reduce the growing public suspicion that top management salaries are the products of monopoly and special action and privilege.

In the public field there has been a development of the professional spirit to a greater degree than in private business management, except that in the private field many of the more technical fields of accounting, law and engineering have made truly great strides. Emphasis placed by the members of such professional or quasi-professional groups on the calibre and training of members of such groups and upon professional standards has worked for integrity and productivity in service both to the public and to private organizations. These various groups have developed associations which in turn have developed codes of ethics, criteria of preparation and experience, and many generally recognized principles of conduct and relationship.

CONCLUSION

In the private field the development of professionalization in management calls for (1) a study of the meaning of a profession and the professional spirit; (2) a recognition of the position of leadership which modern business holds and; (3) an increased awareness of the social responsibility of business, industry and finance.

Policy, organization and administration are the moving aspects of economic affairs. The demand for a high social utility and effectiveness is very strong.

Let me read from a few quotations: First of all from Dr. Herbert Beckerath:[1]

"Only a few prewar business leaders had grasped the conception of 'social service'. The development of social and political insight in business circles did not for the most part keep pace with the growth of the social and economic power of business men."

From Professor T. N. Whitehead[2] of the Harvard University School of Business:

"The tide of government activity is steadily rising. How long this will be true, we do not know; but clearly over the foreseeable future.

"The foregoing conclusion appears to represent the weight of opinion among leading business men and, if this opinion is well founded, it follows that the best chance of a successful outcome is that these men should accept the trend of the times and throw their energies into making the cooperation between business and government a fruitful one. For unless government is assisted by its influential citizens, and those too with the greatest practical experience, it will almost certainly be led in opposition to them with the most disastrous results. The functions of society, business, and government cannot be separated in practice: they all represent related activities. And the most practical way of making sure that government is sensibly related to the social and business activities of the country is to secure an adequate leadership for these latter.

"I suggest that the present trend is a direct result of the neglect of social responsibility on the part of business itself during the last hundred years or more. This trend will continue until it is recognized that business is *the* outstanding activity of any industrial society, and that, over a period of time, the effective leadership of the one implies the simultaneous leadership of the other. . . ."

From W. A. Robson:[3]

"The professional schools in the universities today take no account of the economic, political, or social aspects of modern life, even insofar as these have a bearing on the subject of the profession. . . . The truth is that the traditional distinction between 'administrative' and 'professional' work is irrelevant and obsolete in the most important spheres of the public service today. The pure technician who is ignorant of the economic, political, and social aspects of his work, is of small value in the highest positions; while the administrator who has to rely on other people to advise him about the elementary technical matters relating to the enterprise is unlikely to possess that mastery of material which is required for the formulation of policy and far-sighted planning. . . ."

And I close with a quotation from Charles E. Wilson of General Electric, written in 1941, applicable today:

"The simple answer seems to be that again, and again, and again the financial and managerial components of our Free Enterprise System must prove, by deeds as well as by words, their full comprehension of their social responsibilities — their deep sense of public service—and their unmatched capacity to positively plan—to put into effect—and, if you will, to police, by self-imposed rules, a constitution for industrial and commercial progress acceptable to the majority of our people—people whose economic security and destiny are vitally affected by the decisions of these controlling components of the system.

"Never before has the American Free Enterprise System been confronted by such a serious challenge. And never before has there been, and perhaps never again will there be, such an opportunity, or such an obligation, to prove the full worth of this system as an efficient, economical and trustworthy servant of society. Moreover, we may be sure that, as the American Free Enterprise System sees this enlarged opportunity, as it assumes this greater obligation, and as it proves still more fully its worthiness, it will re-establish emotional bonds of mutual regard and respect between all elements of our economy—the bonds of national unity which will serve as a firm foundation for our moral security—the first fortification of our political and economic freedom."

[1]Dr. Herbert Beckerath, Professor of Economics in the University of Bonn, "Modern Industrial Organization," p. 36 (1933).

[2]T. N. Whitehead, Harvard University School of Business "Social and Political Tendencies of the Present Day" *Harvard Business Review*, Vol. XV, No. 3 Spring Number, 1937 p. 281.

[3]Quotation from "Public Enterprise" edited by W. A. Robson (George Allen and Unwin, Ltd.—1937) from the concluding chapter entitled "Public Service Board: General Conclusions" written by W. A. Robson..pp. 375ff.

MEETINGS OF NATIONAL OFFICERS

Nov. 1, 1952.....Board of Directors
Feb. 7, 1953.....Executive Committee
April 18, 1953...Board of Directors
May 16, 1953....Executive Committee
June 27, 1953....Board of Directors

OCTOBER CHAPTER MEETINGS

ASHEVILLE . . . On the 3rd, the representatives of the newly organized Southeastern Region of S.A.M. held a preliminary meeting for the purpose of making arrangements for the Southeastern Conference which will be held in Asheville, May 7-8. The Chapters in this region are Birmingham, Knoxville, Greenville, Charlotte, Greensboro, Nashville, and Asheville.

ATLANTA . . . The Chapter held its 4th Management Training Conference from the 6th to the 10th, with John M. Avent, consulting engineer, Phil Carroll, consulting engineer, Ralph A. Hefner, Dean, Georgia Institute of Technology, and Ben S. Graham, The Standard Register Co., as the speakers.

BALTIMORE . . . Dr. Anna N. Baetger of Johns Hopkins School of Hygiene and Health, spoke on the subject of "The Value of Occupational Health to Management" on the 7th.

BINGHAMTON . . . This new Chapter of S.A.M. received its Charter on the 15th. The presentation was made by Bruce Payne of Bruce Payne and Associates.

BOSTON . . . The Chapter Fall Round Table Program was started this month. On the 20th, Dr. Thomas A. Staudt, Assistant Professor of Marketing, School of Industrial Management of M.I.T., was the lead-off speaker for the Marketing Round Table. The Production Control Round Table also started on the 20th, with Henry Little, management consultant as the speaker. Arch Dooley of the Harvard Business School was the first speaker on the Harvard Case Studies, which began on the 21st.

CENTRAL PA. . . . "Management and the Operating Committee Plan" was the topic of J. Paul Lyet, treasurer of the New Holland Machine Division of the Sperry Corporation on the 23rd.

CHARLOTTE . . . The case study of the Empress Clock Company in connection with the Harvard Case Studies was presented October 27th with A. J. Thornhill as leader.

CLEVELAND . . . On the 15th the Industrial Engineering Round Table was under the leadership of John O. Archer, chief industrial engineer with Harris-Seybold Co. The Top Management Round Table was led by Donald H. Sunderlin, of Sunderlin Associates, on the 20th. Harry H. Wooden, controller of Hydreco, Division of New York Air Brake Co., was the chairman of the Financial Management Round Table on the 22nd. The Human Relations Round Table was conducted by E. H. Loomis, director of personnel of the Reliance Electric and Engineering Co. on the 27th.

GREENSBORO . . . Art Whitehall, Associate Professor of Business Administration of the University of North Carolina was the conference leader on the 28th at the round table discussion meeting concerning "The Case Study."

HARTFORD . . . On the 16th, Student Night was held with the discussion centered on "The Selection of Employees for Promotion." The panel consisted of Robert Collins, plant manager of the New Departure Division of Meriden; Robert Engberg, assistant personnel director of R. Wallace and Sons; and Walter Wieler, personnel superintendent of Bigelow-Sanford Carpet Co.

HUDSON VALLEY . . . Swan-Knit, Inc. and Star Woolen Co. of Cohoes, New York were visited on the 7th. Following the plant visitations a Special Executive Night Meeting was held with Paige D. L'Hommedieu, member of the board of directors of Johnson & Johnson as guest speaker. His topic was "Decentralization and Other Modern Concepts of Organization."

KANSAS CITY . . . Professor Ralph M. Barnes of the Department of Engineering and Production Management, of the University of California conducted a Works Measurement Clinic on the 17th and 18th.

MANCHESTER . . . C. A. Slocum, executive director of SAM was the guest speaker on the 1st. His subject was "Purposes, Objectives and Scope of SAM."

NEW HAVEN . . . On the 23rd, Johnson O'Connor of the Human Engineering Laboratories discussed "Human Engineering in Personnel Placement."

NEW YORK . . . Henry Viscardi, Jr., executive director of JOB spoke to the members on the 16th.

NORTHERN NEW JERSEY . . . The Industrial Engineering Division of the Chapter met on the 9th, under the leadership of Charlie Sander. The subject was "Standards for Maintenance Work."

PHILADELPHIA . . . On the 2nd, the Plant Maintenance Series discussed "Compressed Air Equipment" under the direction of A. F. DeLong. The plant visitation on the 15th was a visit to the Philadelphia Naval Shipyard to view the lengthening of a submarine.

PROVIDENCE . . . Dr. Lillian Gilbreth, on the 3rd, discussed the topic "Some New Applications of Motion Economy."

READING . . . Bruce Payne of Bruce Payne & Associates presented the Charter on the 13th. This is a new SAM Chapter.

SAN FRANCISCO . . . Ernest L. Molloy, president of Macy's San Francisco, discussed the subject of "How Macy's Runs a Department Store," on the 13th.

WASHINGTON . . . On the 2nd, "Employee Contributions to Management Improvement" under the chairmanship of John E. Moore, OSD.

On the 6th, Alden W. Boyd, MSA, and Oscar Cox, attorney, were co-chairmen for "Government-Business Relations in International Trade."

On the 7th, "Management of Equipment and Goods" was discussed under the leadership of Gustave A. Moe of GSA and D. C. Downs of Stern Co.

On the 9th, "Scientific Management in the Home" was the discussion topic with Robert K. Friedman of the Navy and Mrs. Catherine R. Morhard as chairmen.

On the 13th, "Government-Business Relations," under the chairmenship of G. Lyle Belsley and Donald G. Shook of NPA.

On the 20th, Karney A. Brasfield, GAO, was chairman of "Financial Management."

On the 21st, John J. Corson of McKinsey & Co. and Ross S. Shearer of ESA were co-chairmen for the round table discussion concerning "Organization and Management Methods in Business and Government."

On the 23rd, the subject of "Management in Scientific Research" was discussed under the chairmanship of Ivan Asay of the Bureau of Standards.

On the 27th, John G. Alexander of NPA and Peter R. Nehemkis, attorney, led the round table discussion concerning "Legal Aspects of Management."

WESTERN MASS. . . . Talbot F. Hamlin, senior test administrator of the Human Engineering Laboratory discussed the topic "The Measure of a Man" on the 16th.

WILKES-BARRE . . . On October 6, the Tungsol Lampworks at Weatherly was visited. Following the plant visitation, Carl E. Blass, manager of planning of Talon, Inc., discussed "The Management Approach to Material Handling."

CHAPTER STANDINGS
As of October 1, 1952

MEMBERSHIP		CHAPTER PERFORMANCE AWARD	
New York	433		
Chicago	327	No. New Jersey	925
Philadelphia	307	Pittsburgh	535
No. New Jersey	298	Philadelphia	475
Cincinnati	283	Asheville	465
Cleveland	280	Greensboro	455
Washington	237	Hudson Valley	435
Boston	214	Boston	420
Pittsburgh	202	Milwaukee	355
Detroit	190	Trenton	340
Los Angeles	146	Bridgeport	300
Milwaukee	141	Lancaster	296
San Francisco	117	Charlotte	285
New Brunswick	105	Allentown	280
Greensboro	102	New Brunswick	245
Indianapolis	100	Washington	230
Dallas	99	Montreal	205
Lancaster	98	Richmond	191
Dayton	95	Wilmington	175
Asheville	93	Birmingham	165
Hudson Valley	87	Cincinnati	155
Baltimore	85	Baltimore	150
New Haven	84	Chicago	150
Montreal	65	Central Penna.	140
Worcester	64	San Francisco	140
Bridgeport	63	New York	135
Charlotte	61	Greenville	130
St. Louis	61	Atlanta	125
Allentown	58	Detroit	100
Providence	56	Providence	90
Hartford	54	Indianapolis	85
Louisville	52	Los Angeles	81
New Orleans	51	Cleveland	80
Trenton	51	Dayton	80
Columbus	50	Portland	65
Central Penna.	49	Columbus	60
Atlanta	48	New Haven	60
Wilmington	48	Knoxville	50
Knoxville	47	Dallas	40
Birmingham	45	Hartford	40
Greenville	43	Louisville	40
Reading	43	Reading	30
Wilkes-Barre	43	Wilkes-Barre	30
Manchester	42	Kansas City	15
Richmond	41	Western Mass.	15
Twin City	38	Manchester	10
W. Massachusetts	36	Baton Rouge	—
Portland	35	Central New York	—
Baton Rouge	33	Nashville	—
Central New York	31	New Orleans	—
Binghamton	29	Stamford	—
Kansas City	23	St. Louis	—
Nashville	14	Twin City	—
Stamford	10	Worcester	—

PAST PRESIDENTS OF SAM

ORDWAY TEAD, *Editor of Social and Economic Books, Harper & Brothers, New York, N. Y.* (1936-37)

WILLIAM H. GESELL, *Vice President, Lehn & Fink Products Corporation, Bloomfield, N. J.* (1937-39)

MYRON H. CLARK, *Management Consultant, Boston, Mass.* (1939-41)

J. KEITH LOUDEN, *Vice President, York Corporation, York, Pa.* (1941-42)

PERCY S. BROWN, *Retired, New Hampton, N. H.* (1942-44)

RAYMOND R. ZIMMERMAN, *Management Development Branch, Productivity and Technical Assistance, Mutual Security Administration, Washington, D. C.* (1944-46)

HAROLD B. MAYNARD, *President, Methods Engineering Council, Pittsburgh, Pa.* (1946-47)

WILLIAM L. MCGRATH, *President, The Williamson Heater Company, Cincinnati, Ohio* (1947-48)

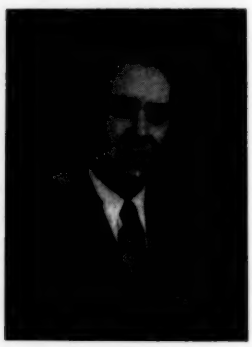
CHARLES C. JAMES, *Associate Counsellor, Stevenson, Jordan & Harrison, New York, N. Y.* (1948-49)

DILLARD E. BIRD, *Management Counsel, Westfield, N. J.* (1949-51)

LEON J. DUNN, *Assistant to the Executive Vice President, Veeder-Root, Inc., Hartford, Conn.* (1951-52)

EDITOR'S NOTE: You will notice that the layout of the Society News (opposite page) has been changed with this issue of ADVANCED MANAGEMENT. It is our hope that by tabulating the forthcoming meetings of each individual Chapter, telling the meeting date, place, speaker with his title, and the subject of his talk, we can help our members who might be away from their home Chapter, to visit other Chapters and meet other SAM members.

In the near future, we hope to be able to list all 54 Chapters with full information concerning their monthly meetings. Cooperation from all Chapter officers in sending their programs to the National Office will accomplish this objective.



SAM Appoints Flynn Research Director

Dr. Vincent A. Flynn of Bayonne, New Jersey, has been appointed Research Director in the National Office for the Society.

Dr. Flynn is Supervisor of Industrial Engineering, Central Engineering Division, Sylvania Electric Products Corporation in New York. He also teaches Mathematics part time at New York University. Previous to joining Sylvania Electric Products, he was Research Supervisor with Gimbel Brothers in New York, Supervisor of Industrial Engineering, American Home Products Corporation, and engineer with Western Electric Company. He has also had his own consulting practice as a psychologist.

As Research Director, Dr. Flynn will be responsible for the selection, organization, planning, coordination and control of National Research programs and approved projects within the policies of the Management Research and Development Division. His work will be in keeping with the Society's purpose as contained in its Constitution and By Laws, which is, "Through research, discussion, publication, and other appropriate means: to conduct and promote scientific study of the principles governing organized effort in industrial and economic life, including both labor and management; and to impart to the public, information concerning said principles and their various applications for the general betterment of society, particularly by, but not limited to, elimination of unnecessary effort and unduly burdensome toil."

Dr. Flynn will be responsible for executing Society sponsored surveys, questionnaires, reports, etc., on management topics or problems of wide general interest to the members of the Society as may be determined advisable by the National Research and Development Committee, which is headed by Mr. Harold F. Smiddy, Vice President of General Electric Company in charge of Management Consultation Services Division. He will also participate in the preparation of reports, programs and other activities conducted in connection with CIOS, Comite International de L'Organisation Scientifique, and its world wide affairs and periodic International Management Congresses in which the Society takes an active part.

As Director of Research, he will aid members of the local Chapters located in principal cities in all parts of the United States and Canada, in the selection of Research Projects, supply scientific Research information which will be suitable for use in connection with Research projects and otherwise service and coordinate Chapter Research activities.

Dr. Flynn has studied at New York University, Fordham University and Catholic University of America. He is a member of the American Psychological Association, National Vocational Guidance Association, New Jersey Guidance and Personnel Association and Kappa Delta Pi.

The appointment of Dr. Flynn will complete liaison among the various Research Committees of SAM.

NOVEMBER CHAPTER ACTIVITIES*

CHAPTER	NOVEMBER	PLACE	SPEAKER	TITLE	SUBJECT
Allentown	11	White Farm Inn	A. H. Ottman	Vice President, American Hard Rubber Co.	Planning For Increased Profits
Asheville	6 & 7		John B. Joynt		Seminar on Management Control
	13		Dean T. H. Carroll		Why This Emphasis on Human Relations?
	25		Hal Cory		Budget Practices
Atlanta			Fleming Winders	Assistant to the President, Tennessee Eastman Corp.	Managements' Responsibility to Its' Employees
Baltimore	6		A. T. Jones	Vice President, C.I.O.	Better Management Through Better Labor Relations
Binghamton	15		Bruce Payne	President, Bruce Payne & Associates	Presentation of Charter to New Chapter
Birmingham	7	Molton Hotel	J. L. Brownlee		Panel Discussion on The Application of Scientific Management to the Business Office
			Lucian Bloodworth		
			William Simpson		
Boston	6	University Club of Boston	Claude A. Putnam	President, Markham Machine Co.	The Significance of the Election on the Business Outlook
Bridgeport	11	Univ. of Bridgeport	H. C. Geppinger	General Electric	Various Systems of Determining Operation Times
			Frederick Hornbruch	Rath and Strong	
			Robert Chirgwin	Griest Manuf. Co.	
	18	Hotel Barnum	Bruce Payne	President, Bruce Payne & Associates	Organization as a Factor in Reducing Costs
Central N. Y.	20 & 21	Hotel Syracuse	Phil Carroll	Time Study Engineer	Time Study and Work Measurement Clinic
Central Pa.	20	Dubois	Col. W. F. Rockwell	Chairman of the Board, Rockwell Manuf. Co.	Industry and the Community
Charlotte	18	Barringer Hotel	Luther Hodges	Lt. Governor Elect	Impact of Government on Business
Chicago	11		W. Roork	Chief Industrial Engineer, Electric Storage Battery Co.	What Position Should the Industrial Engineering Department Occupy in the Organization and What Should Its Scope of Responsibilities Be?
Cincinnati	6	Hotel Alms	Dr. Douglas McGregor	President, Antioch College	Management in Action
Detroit	3		Joseph Olender	Mechanical Engineer, Indianapolis Truck Engine Works	Speeding Production with Modern Transfer Equipment
Greensboro	18	Starmount Country Club	Geoffrey H. Ladhams	Personnel Consultant—England	A New Method for Cutting Operator Learning Time
Greenville	12	Hotel Greenville	Herman Kaiser	American Can Co.	Budgeting Methods and Procedures
Hudson Valley	11	Hendrick Hudson Hotel, Troy, N. Y.	Gordon Foster	Asst. Comptroller, Camera Works, Eastman Kodak Co.	Budgeting for Management Purposes
Lancaster	18	Yorktowne Hotel, York, Pa.	A. H. Bosse	United Steel Co. (of Pittsburgh)	Evaluating Operating Performance
			Robert Albright		
Milwaukee	13	E. S. M. Bldg., 3112 W. Highland Blvd.	Dr. J. E. Janney	Psychological Consultant	The Engineering Approach to Executive Development
Montreal	12		Dr. Oswald Hall	Chairman, Dept. of Sociology, McGill University	Communications in Industry
New Brunswick	20	Oak Hills Manor, Metuchen, N. J.	Terry L. Carter	American Cyanamid Co.	Material Handling
New Haven	20	The Towne House	Prof. Thomas C. Spates	Yale University	Line and Staff—The Modern Fallacy
New York	20	Hotel Statler			Motivating Quality Production
N. New Jersey	6	Essex House, Newark, N. J.	H. T. Hollowell, Jr.	Vice President, Standard Pressed Steel Co.	How To Sell Your Ideas
Philadelphia	5	Poor Richard Club	Daniel Rochford	Standard Oil of N. J.	Communications
	6		E. Seltzer		Skilled Trade Training—Plant Maintenance Series
Pittsburgh	18	Hotel Webster Hall			All Day Industrial Engineering Conference
Reading	13		Bruce Payne	President, Bruce Payne & Associates	Presentation of Charter to New Chapter
Richmond	25	Hotel William Byrd	Robert McNamara	Comptroller, Ford Motor Co.	Planning and Control for Profit
Trenton	18		Dr. E. C. Planty	Exec. Counselor, Johnson & Johnson	The Present Day Need for Executive Training
Washington	3	Federal Personnel Council	Alden W. Boyd	MSA	Government Business Relations in International Trade
			Oscar Cox	Attorney	
	6	Federal Personnel Council	John E. Moore	OSD	Employee Contributions to Management Improvement
	17	Departmental Auditorium, Conference Rm. B	Karney A. Brasfield		Financial Management
	18	Federal Personnel Council	John J. Corson	McKinsey & Co.	Organization and Management Methods in Business and Government
			Ross S. Shearer	ESA	
	24	Departmental Auditorium, Conference Rm. B	John G. Alexander	NPA	Legal Aspects of Management
			Peter R. Nehemkis	NPA	

* This is a summary of the Chapter activities reported. Programs of the other 22 will be listed upon receipt.

Remington Rand Methods News

How to get better maintenance from smaller inventory

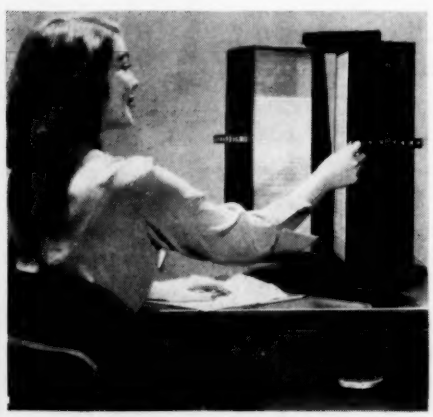
There's a firm of 2,000 employees operating on a total maintenance inventory of only $30,000 *which turns over at the rate of nine times a year.* What's more, they don't have to worry about running short of any part or material needed to keep the machines running.

This achievement was made possible by centralizing the inventory records and the purchasing of maintenance supplies under a control system which Remington Rand designed and installed.

Previously, individual department heads had done much of their own buying. This led to wasteful duplication of stocks. Likewise, they passed up the valuable savings of volume buying because each plant bought from its own sources. Nor could they get the service which comes with planned buying.

Previously, an entire department might be shut down for lack of a single part in the stock room when it was needed. Now the stocks cannot fall below a safe minimum on any item without management knowing about it.

Reducing the total stock has also reduced the stockroom space for maintenance items. And the stockroom clerks have less paperwork to do. Let us show you how such a system can work for small plants or large. Ask for our new methods file **MC-802.**



SENIORITY SO YOU CAN SEE IT. A good way to prevent or settle disputes is this visible list of employees by seniority rating. Can be kept up to date for years without retyping. Names can be inserted or removed without disturbing sequence. Lists by trade or department can also be displayed publicly on your plant bulletin boards. See details in our manual X-521.

FASTEST KNOWN WAY TO PRODUCE YOUR PAYCHECKS. Let us show you a new Stub-Check payroll system which pays for itself in savings on check forms alone; also eliminates many clerical work steps. This plan not only helps you meet payroll deadlines with less confusion — it also simplifies your entire payroll operation. Just ask for folder AB-569.

How a plant got back on schedule by coordinating its control procedures

In this case, the production facilities were ready when the sales mushroomed as expected. Things went fine for a year or so. Then, suddenly, the orders were backing up in the shop. Some machines would have a big backlog of work while others were idle.

Was the problem simply one of poor machine loading? Or had the whole control system been outgrown? After talking it over, the plant executives decided to call Remington Rand for an outside viewpoint and professional counsel on the entire production control system.

A preliminary study by our management engineers showed the problem went much deeper than machine-load scheduling. So our engineers were authorized to dig to the bottom of the problem.

In their final report, these engineers proposed simple ways to get complete, accurate control over all phases of production – including materials, tools and inspections. New forms and methods were developed to simplify the work on operation sheets, and other factory paper. Flow charts showed how to correlate the flow of work between production, engineering, purchasing and sales.

When these recommendations were put into effect, the plant ran like a different place. No more snarls in machine loading. They got back on schedule — and stayed there. In fact, sales doubled again in the next three years and the control system continued to process a growing volume with the same smooth-working efficiency.

Let us give you the case history of this plant and its experience with simplified control methods. Ask for folder **SN-724.**

Remington Rand

Management Controls Reference Library
Room 1412, 315 Fourth Avenue, New York 10

Please circle the literature you desire:

MC-802 X-521 AB-569 SN-724

Name_____

Title_____

Firm_____

Address_____

City_____ Zone_____ State_____